

NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Tuesday, 5th March, 2024, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting [here](#), watch the recording [here](#))

Councillors: Ahmed Mahbub (Chair), John Bevan (Vice-Chair), Nick da Costa, Tammy Hymas, Thayahlan lyngkaran and Matt White

Co-optees/Non Voting Members: Ishmael Owarish, Keith Brown, Randy Plowright, Pattinson, Raisin (Independent Adviser) (Advisor), Alex Goddard (Mercer) (Advisor) and Steve Turner (Mercer) (Advisor)

Quorum: 3

1. **FILMING AT MEETINGS**

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. 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 14 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 (PAGES 1 - 8)

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 30th January 2024 as a correct record.

8. PENSION ADMINISTRATION UPDATE (PAGES 9 - 34)

This report provides the Pensions Committee and Board (PCB) with a draft version of the Pension Fund's revised Administration Strategy. This report aims to ensure that the Pension Fund has an effective strategy in place to ensure that both the Administering Authority and scheme employers participating in the Fund understand and fulfil their roles and responsibilities in the Fund's administration.

9. HARINGEY PENSION FUND RISK REGISTER (PAGES 35 - 46)

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 Pensions Committee and Board to further review the risk score allocation.

10. LGPS UPDATE - THE NEW PENSIONS REGULATOR CODE (PAGES 47 - 56)

This report provides the Pensions Committee and Board (PCB) with an update on the Pensions Regulator's (TPR) new General code of practice which was published on 10 January 2024. The Fund's Independent Advisor has prepared a paper to update the PCB on the main outcomes.

11. LAPFF UPDATE REPORT (PAGES 57 - 60)

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

12. QUARTERLY INVESTMENT PERFORMANCE (PAGES 61 - 70)

This report provides the Pensions Committee and Board (PCB) with the following updates on the Pension Fund's performance for the quarter ended 31 December 2023:

- a. Independent advisor's market commentary
- b. Investment performance

- c. Investment asset allocation
- d. London Collective Investment Vehicle (LCIV) update
- e. Funding position update

13. FORWARD PLAN (PAGES 71 - 76)

This paper has been prepared to identify and agree upon the key priorities for the Pensions Committee and Board (PCB) over the upcoming months, as well as seek the PCB's input into future agendas.

14. NEW ITEMS OF URGENT BUSINESS

15. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

12 December 2022
23 January 2023
21 March 2023

16. EXCLUSION OF THE PRESS AND PUBLIC

Items 17-19 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 – namely 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.

17. EXEMPT - QUARTERLY INVESTMENT PERFORMANCE (PAGES 77 - 86)

As per item 12.

18. EXEMPT MINUTES (PAGES 87 - 90)

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 30th January 2024 as a correct record.

19. NEW ITEMS OF EXEMPT URGENT BUSINESS

Felicity Foley, Committees Manager
Tel – 020 8489 5343
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Email: kodi.sprott@haringey.gov.uk

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

Monday, 26 February 2024

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**MINUTES OF THE MEETING OF THE PENSIONS
COMMITTEE AND BOARD HELD ON Monday 30th January
2024, 7.00 – 8:30pm**

PRESENT:

**Councillors: Ahmed Mahbub (Chair), John Bevan (Vice-Chair),
Nick da Costa, Tammy Hymas, Cathy Brennan and Matt White,**

1. FILMING AT MEETINGS

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

2. APOLOGIES

Apologies had been received from Ishmael Owarish and Craig Pattinson.

3. URGENT BUSINESS

None.

4. DECLARATIONS OF INTEREST

None.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

None.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

The Pensions Committee and Board had received training shortly before the start of the meeting regarding one of the exempt items on the agenda. Craig Pattinson and Cllr Iyngkaran attended a LAPPF programme day course.

7. MINUTES

RESOLVED:

That the minutes of the meeting held on 21 March 2023 be confirmed and signed as a correct record.

Matters arising

Cllr Bevan noted that in the July committee it was raised that a representative from the London CIV would attend a committee – Tim Mpofo would revisit this and look into further.

Cllr White and Cllr Iyngkaran had attended the LGA training that was offered to members regarding the London CIV.

Cllr Bevan raised the need for further discussion around the self-service portal. In response, officers acknowledged they were happy to arrange a workshop for members to talk through this, although it was suggested that this session be conducted outside of the formal Committee and Board meeting. It was further noted that, the team offered this training to staff as part of the onboarding process, this could be further extended to all Committee and Board members.

8. PENSION ADMINISTRATION UPDATE (PAGES 1 - 6)

Jamie Abbott, Pensions Manager, presented the item which detailed the below,

- Pension Fund membership update
- Online Member Self Service portal update
- Update on McCloud project
- Update on Service Level Agreement (SLA) statistics
- Update on staffing and recruitment

The following was noted in response to questions from the committee:

- Cllr Bevan sought clarification on the provided performance figures for the various service level agreements, and it was explained going forward these would be provided at every meeting. Currently the SLA figures quoted in the report were those agreed in the administration strategy. The CIPFA figures were slightly different, and these were not included within the extract yet. This would be worked on and included in the next report.
- The pensions administration team had undertaken a significant recruitment exercise over the past year and onboarding new members of the team had taken some time. It was confirmed that two new apprentices had now been recruited into the team, and both were local to the Haringey area. Work had been undertaken with the HR team to create an additional post as a result of the high quality of candidates who had applied for the role. Both apprentices would be on a structured training plan which was expected to take 18-24 months for them to become fully fledged pensions officers.
- Service Level Agreements (SLA's) were how the fund detailed how quickly casework would be processed. The administration strategy outlined how quickly, for example, a change of address or retirement would be processed; performance could be measured against that. There were benchmarking processes in place, but the team were looking to update these. A good SLA performance figure would be above 90%, and the team envisioned the figure internally would improve over the coming months as a result of having a more permanent team in place.

RESOLVED

The Pensions Committee and Board is recommended to note this report and the information provided regarding the Pension Fund's administration activities for the quarter ending 31 December 2023.

9. DLUHC CONSULTATION OUTCOME: LGPS - NEXT STEPS ON INVESTMENTS (PAGES 7 - 16)

Tim Mpofu, Head of Pensions, introduced the report for this item. This report provided the Pensions Committee and Board (PCB) with an update on the outcome of the

government's consultation on Local Government Pension Scheme (LGPS): Next steps on investments, (the Consultation) which was published by the Department for Levelling Up, Housing and Communities (DLUHC) on 11 July 2023. The Consultation closed for responses on the 2nd of October 2023.

The following was noted in response to questions from the committee:

- John Raisin explained that where pooling had suited this fund; pooling had occurred. There were a few funds that had set themselves against pooling on principle; however, most LGPS funds had taken the logical and sensible approach, which was where the pool provided an advantage it was used.
- Cllr White queried on how the fund supported levelling up. John Raisin explained that there were investments in assets which supported levelling up, this could be seen particularly through the infrastructure debt investments. The London Fund within the London CIV would also support this. The allocation to the UK's infrastructure debt investments was around 2.5% of the Fund's investment portfolio. The intention of going into these investments was primarily to meet investment strategy objectives rather than to achieve levelling up objectives.
- Regarding the Government's statutory guidance there would be no compulsion in terms of levelling up, private equity or pooling. The Government's response had signalled that the approach to the new statutory guidance would be a comply or explain regime. Within the consultation response, the Government noted that the Fund would be required to set out its approach to levelling up, private equity and pooling within the investment strategy. For example, in setting out its asset allocation as part of its investment strategy statement, the Fund could provide an explanation as to why it was unable to allocate to a particular asset class given the factors specific to the Fund.
- John Raisin noted that there were few civil servants working on LGPS issues. This may account for the Government not issuing outcomes in respect of earlier LGPS Consultations such as on Fair Deal and Climate Reporting. In response to a query regarding any penalties for non-compliance, it was further acknowledged that if the Government could penalise funds for not complying, then one could argue that the Government may be indirectly mandating funds to a particular course of action. As such, it would be expected that any statutory guidance issued would consider this carefully.
- Cllr Bevan queried investing in more than one pool, John Raisin explained that LGPS funds could not do this directly. The London Fund was essentially an investment strategy managed by one of the other pooling companies, the Local Pensions Partnership Investments (LPPI), and the London CIV had come to an arrangement with the LPPI to give access to the London boroughs. The Government expected there to be more inter pool collaboration, this would allow for easier pool amalgamations in the long term.
- Cllr Hymas commented that it was incredibly concerning that the government seemed to have little regard as to what members did on this committee and their elected responsibilities. She explained that it felt contradictory that on the one hand, the Government wanted more training for pension fund members and then on the other hand, also wanted members to make less decisions.

RESOLVED

To note the Independent Advisor's LGPS Investment Consultation and Outcome 2023 paper, appended as Appendix 1 of this report.

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

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

The following was noted in response to questions from the committee:

- Cllr Bevan flagged that he received various emails from LAPFF regarding investment holdings figures, Tim Mpofo would look into this after the meeting.

RESOLVED

To note the content of this report.

11. HARINGEY PENSION FUND RISK REGISTER (PAGES 21 - 34)

Jamie Abbott introduced the item; 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 Pensions Committee and Board to further review the risk score allocation. The risk assessment presented at this meeting focused primarily on the investment-related risks.

The following was noted in response to questions from the committee:

- Cllr Hymas sought clarification regarding the Fund's Environmental, Social and Governance (ESG) policy. Tim Mpofo explained that the Fund's ESG policy would be further discussed as part of the Investment Strategy Statement (ISS) agenda item which had been included as part of the exempt portion of the meeting's agenda. The ISS sets out what investments the Fund can and cannot invest in. Through engagement with members, it had been determined that more time should be taken to consider the Fund's approach to responsible investment. The development of such a policy may require the use of external specialists to advise the Committee and Board. It was further noted that Funds were required to outline their approach to managing ESG risks in their ISS, however a responsible investment policy would be supplementary to the ISS.
- Cllr White explained that he thought more emphasis was needed on other parts of the ESG, such as the social and other ethical sides of investments. He suggested it would be good to have a deeper conversation about this and updating the investment strategy upon reflection.
- Following a query regarding the outstanding audits, it was confirmed that officers had investigated whether separate auditors could be appointed, and this was deemed not possible under the current regulations. There was an ongoing conversation between the Haringey finance team and the external auditors to try and address the external audits backlog. It was confirmed that this issue had been raised at previous meetings as a concern hence why this had been included as part of the risk register. It was further noted that the Government had sent out a letter in the autumn of 2023 where they had set out how they were planning on tackling public sector audit backlog; 40% of audits were still outstanding across the country in the public sector. The Scheme

Advisory Board was working closely with the Government to explore whether pension fund audits could be separated from the audit of the Council's statement of accounts. It was confirmed that a new audit firm would be undertaking the audit of the current financial year ending 31 March 2024 and the team had already started to engage with on the planning work. The finance team had discussed the issues relating to the outstanding audits with them. The team were trying to progress this but unfortunately the way in which the rules were set up meant there was not much more that could be done to progress the issue.

- It was further noted that there was no provision in the Council's constitution that would enable the combined Pensions Committee and Board to appoint an external auditor. External auditor appointments for local government bodies were made by the Public Sector Audit Appointments Limited (PSAA).

RESOLVED

To note and provide any comments on the Fund's risk register. The area of focus for review at this meeting was Investment-related risks.

12. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE (PAGES 35 - 46)

Tim Mpofu introduced the item. 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 2023.

- a. Independent advisor's market commentary
- b. Investment performance
- c. Investment asset allocation
- d. London Collective Investment Vehicle (LCIV) update
- e. Funding position update

The following was noted in response to questions from the committee:

- Investments in the London CIV were approximately 76% of total fund assets The funding position as of 30th of November had been included in the confidential appendix. The funding position for the pension fund was 139%, as per the Fund Actuary's latest estimates.
- Cllr lynkaran questioned the performance of the portfolio. Tim Mpofu explained that there were assets within the portfolio that had not performed as expected due to the changes in economic conditions. The Fund's allocation to Index Linked Gilts was an example of one of the asset classes that had underperformed. Although inflation had increased, the impact from the increase in interest rates had resulted in significant mark-to-market capital losses. There were also some asset classes that were not revalued on a regular basis, and as a result there would be a lag in terms of their performance. It was further noted that although property had underperformed during the period, it was still considered appropriate for the Fund due to its payment of distributions and income generation characteristics.
- Keith Brown flagged that he would caution about putting too much emphasis on the total fund performance relative to the total fund benchmark. This was because for

quite a few of the asset classes, they were quite difficult to benchmark as well as being lagged.

- In response to a query regarding performance reporting, Tim Mpofu suggested that the team could work on different models and explore how the existing performance reporting could be further improved. Traditionally, the fund's approach had been to use the Fund's benchmark as a means of checking whether the asset manager was delivering on their performance objectives. It did not necessarily attribute the performance of the Committee and Board's own investment decision making process.
- The Chair sought clarification from Mercer in relation to private debt and whether this should be something still investigated. He also flagged if there could be a report of other asset classes for future investment strategies. Alex Goddard, Mercer, explained that private debt continued to be an asset class that investment managers spoke to LGPS funds about and it was at a floating rate. As interest rates have gone up there, returns had gone up as well. This is why some had seen it as appealing, and it would fit within that diversifying alternatives bucket. The question would be, if the committee were going to look to allocate this, where they would allocate this from. That would be a discussion that needed to be had across a range of asset classes.

Cllr Mark Blake attended the committee and read out a statement:

Cllr Blake expressed, in his view, that the local government pension scheme continued to hold 4.6 billion pounds in investments in companies which were operating in Israel & Palestine. He asked what actions the committee had taken to divest Haringey pension funds from these companies.

Cllr Mahbub acknowledged this statement and confirmed that a fuller response to the letter referenced in his statement would be provided after the PCB had had an opportunity to consider its contents.

RESOLVED

To note the information provided in section 6 of this report regarding the Pension Fund's investment performance and activity for the quarter ended 30 September 2023. An additional supplementary appendix has been included which shows the Pension Fund's asset values as of 30 November 2023.

13. INVESTMENT STRATEGY REVIEW: STRATEGIC ASSET ALLOCATION (PAGES 47 - 50)

Tim Mpofu introduced the item. This report provided the Pensions Committee and Board (PCB) with an assessment of the of the Pension Fund's current strategic asset allocation in comparison to various alternative options which would be considered during the exempt part of the agenda.

The following was noted in response to questions from the committee:

- Cllr White raised concerns and wanted the committee to look more widely at the ESG part of the investment strategy. He flagged not just the

environmental aspects, but other ethical parts of the investments needed to be looked at. The concerns were acknowledged, and it was confirmed that they would be considered as part of the Committee and Board's forward plan.

14. INVESTMENT STRATEGY STATEMENT

This item was to be discussed under the exempt section of the meeting.

15. FORWARD PLAN (PAGES 51 - 56)

Tim Mpofu introduced the item. This paper has been prepared to identify and agree upon the key priorities for the Pensions Committee and Board over the upcoming months, as well as seek members' input into future agendas.

The following was noted in response to questions from the committee:

- Cllr lynkaran flagged whether responsible investment could be looked into further in regard to aspects of the fund and navigating the strategy going forward. Tim Mpofu confirmed this would be taken forward in terms of the future work for the fund.

16. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

17. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

5 March 2024

18. EXCLUSION OF THE PRESS AND PUBLIC

Items 18-21 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 – namely 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.

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Report for: Pensions Committee and Board – 5 March 2024

Item number:

Title: Administration Strategy

Report

authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury

tim.mpofu@haringey.gov.uk

Jamie Abbott, Pensions Manager

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. Haringey Council is the designated statutory Administering Authority for the Haringey Local Government Pension Scheme (LGPS). Administering Authorities are responsible for operating the scheme in accordance with the LGPS regulations, which includes the administration of the scheme to provide pension benefits to current and former employees of Haringey Council and other employers participating in the pension scheme.
- 1.2. This report provides the Pensions Committee and Board (PCB) with a draft version of the Pension Fund's revised Administration Strategy. This report aims to ensure that the Pension Fund has an effective strategy in place to ensure that both the Administering Authority and scheme employers participating in the Fund understand and fulfil their roles and responsibilities in the Fund's administration.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To agree that a statutory consultation be carried out on the revision to the Pensions Administration Strategy which has been included as Appendix 1 of this report.
- 3.2. To note that the revised a revised Pension Administration Strategy will be brought back to the PCB after the consultation has been concluded.

4. Reason for Decision

- 4.1. Haringey Council, in its role as the Administering Authority for the Haringey Pension Fund, may prepare, maintain, and publish written statement outline the on administrative matters in accordance with the Local Government Pension Scheme Regulations 2013. The last review of the Administration Strategy was carried out in 2021.
- 4.2. The Council has delegated the responsibility for exercising 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

- 6.1. Haringey Pension Fund is administered by Haringey Council, as part of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme for employees of local government and related organisations in the UK. The Fund, which is made up of approximately 65 scheme employers and 26,000 members, provides pension benefits in accordance with the LGPS Regulations.
- 6.2. The efficient delivery of the LGPS requires high-quality data, robust administrative processes, and strong partnerships among stakeholders. Effective management and communication are crucial for promoting the scheme and its benefits, which aids in employee recruitment, retention, and motivation. A significant challenge is ensuring members' confidence in the administration of their pension benefits in an increasingly complex scheme.
- 6.3. The Strategy aims to ensure that the Administering Authority and scheme employers understand their responsibilities to the Fund, outlining performance standards for a high-quality, cost-effective pension administration service. It promotes good working relationships, efficiency, and quality assurance, focusing on a 'digital first' approach.
- 6.4. The Strategy emphasises accountability, understanding of roles, data protection, and continuous improvement. This strategy will take effect from 1st April 2024 and will be reviewed every three years or as required by regulatory changes.
- 6.5. The key change included in the revised Strategy is the update of the Key Performance Indicators (KPIs) to align them with CIPFA Benchmarking KPIs. These KPIs will form the basis of the performance monitoring review from 1 April 2024. The rest of the Strategy remains largely the same in content, however it has been updated to make the document more concise and easier to read.
- 6.6. The table on the following page provides a summary of the CIPFA Benchmarking KPIs

Table 1 - CIPFA Benchmarking KPIs

Key performance indicator	KPI Response Time (days)	Legally Required Response Time (months)
Deaths – Initial letter acknowledgement death	5	2
Deaths – Letter notifying amount of dependant's benefit	10	2
Retirements – Letter notifying estimate of retirement benefits	15	2
Retirements – Letter notifying actual retirement benefits	15	2
Retirements – process and pay lump sum retirement grant	15	2
Deferred into pay – process and pay lump sum retirement grant	15	2
Deferment – calculate and notify deferred benefits	30	2
Transfers in – Letter detailing transfer in quote	10	2
Transfers out – Letter detailing transfer out quote	10	2
Refund – Process and pay a refund	10	2
Divorce quote – Letter detailing cash equivalent value and other benefits	45	3
Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order	15	3
Joiners – Send notification of joining the LGPS to scheme member	40	2

6.7. The LGPS Regulations require any changes to the Administration Strategy to be subject to formal consultation. The consultation on the updated Administration update is currently underway and is to conclude before the end of this financial year.

7. Carbon and Climate Change

7.1. Not applicable.

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

Finance and Procurement

8.1. There are no direct finance implications to this report.

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

8.2. The Assistant Director for Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. The administering authority must invest in accordance with the Investment Strategy.

8.3. It is a statutory requirement under Regulation 59 of The Local Government Pension Scheme Regulations 2013 for the Council as administering authority to have an administration strategy. That strategy must contain the matters required under that

regulation. The administering authority must consult with its Scheme employers and such other persons as it considers appropriate.

8.4. In carrying out a consultation the following principles must be adhered to:

- that consultation must be at a time when proposals are still at a formative stage;
- that the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response;
- that adequate time must be given for consideration and response; and
- that the product of consultation must be conscientiously taken into account in finalising any statutory proposals.
- Following the consultation a further report will be brought back to the PCB for a decision on the revised administration strategy.

8.5. Following the consultation a further report will be brought forward back to the PCB for a decision on the revised administration strategy.

Equalities

9. Use of Appendices

9.1. Appendix 1: Draft Pensions Administration Strategy

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

Pension Administration Strategy

LONDON BOROUGH OF HARINGEY PENSION FUND

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1. Introduction

1.1 About the Haringey Local Government Pension Scheme (LGPS)

This is the Pension Administration Strategy (“the Strategy”) of the London Borough of Haringey Pension Fund (“the Fund”), which is administered by Haringey Council (“the Administering Authority”). The Fund is made up of approximately 65 scheme employers and around 26,000 members. This includes active, deferred and pensioner members as of 31 December 2023.

The Fund is part of the Local Government Pension Scheme (“the LGPS”). The LGPS is a defined benefit pension scheme for employees of local government and related organisations within the United Kingdom. During their employment, scheme members can build up their pension benefits based on a fixed formula as set out in the LGPS Regulations.

The LGPS is a national scheme, administered locally by councils nominated as “administering authorities”. Haringey Council is the administering authority for Haringey Pension Fund. It is responsible for running the pension scheme to provide pension benefits to current and former employees of Haringey Council and other employers participating in the pension scheme.

1.2 Scheme administration service delivery

The efficient service delivery of the LGPS relies on having high-quality data and robust administrative processes. This requires strong partnership among various stakeholders, including the Administering Authority and scheme employers.

Effective management and communication contribute to the successful promotion of the scheme. This helps highlight the benefits of the LGPS, thereby supporting the recruitment, retention, and motivation of current employees.

A key challenge facing both the administering authority and the scheme employers is ensuring scheme members have confidence in the administration of their pension benefits, especially in an ever-increasingly complex scheme.

1.3 Regulatory background

This Statement has been prepared in accordance with regulation 59 of the Local Government Pension Scheme Regulations 2013 (“the Regulations”).

The Regulations state that the Administering Authority may prepare, maintain, and publish a written statement outlining their policy on administrative matters. Both the Administering Authority and the scheme employers participating in the Fund must then have regard to the Strategy when carrying out their respective duties. The Regulations also require that the Administering Authority to consult with its participating employers (and any other persons it considers appropriate) in preparing or reviewing the Strategy.

Regulation 70 of the Regulations permits an Administering Authority to recover additional costs incurred by the Administering Authority from a participating employer where, in its view, those costs are directly related to that employer's poor performance. In such a situation, the Administering Authority must provide the employer with a written notice. This notice should detail the reasons for seeking additional cost recovery, the amount of the costs, and the basis on which the additional amount has been calculated.

In carrying out their roles and responsibilities in relation to the administration of the LGPS, the Administering Authority and scheme employers will, at a minimum, comply with the prevailing legislation including:

- LGPS Regulations
- Pensions Act 2011 and associated disclosure legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 1998
- Finance Act 2013
- Relevant Health and Safety legislation
- GDPR

1.4 Aims and objectives

This purpose of this strategy document is to ensure that both the Administering Authority and the scheme employers are fully aware of their responsibilities to the Fund. It outlines the performance standards required to ensure the delivery of a high-quality, cost-effective pension administration service. The strategy also outlines how performance will be monitored and actions that may be taken in cases of persistent failure to meet the required performance standards.

It aims to promote good working relationships, enhance efficiency, and uphold quality assurance between the Administering Authority and the scheme employers. The Fund's key objectives related to administration are as follows:

- To provide a high quality, engaging, informative, timely, and customer focused administration service to the Fund's stakeholders.
- To administer the Fund in a cost effective and efficient manner utilising technology appropriately, with the focus on a 'digital first' approach.
- To ensure accountability and take responsibility for the administrative actions.
- To ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS Regulations. This includes their part in the delivery of the Fund's administrative functions.
- To maintain accurate records and ensure data is protected and has authorised use only.
- To put in place standards for the Fund and its employers and ensure those standards are monitored and continuously developed and improved.

This strategy, which has been produced in consultation with all participating employers in the Fund, will take effect from **1st April 2024**. It will be reviewed at least once every three

years and revised to reflect any regulatory and legislative changes issued by the Government from time to time.

However, under no circumstances does this strategy override any provisions or requirements of the LGPS Regulations or any overarching legislative requirements.

1.5 Contact information

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

Pensions Team
Haringey Pension Fund
Alexandra House
10 Station Road
Wood Green
London
N22 7TR

Telephone: 0208 489 2810

Email: pensions.mailbox@haringey.gov.uk

2. Roles and responsibilities

The Fund is committed to providing a high-quality pension service to both scheme members and scheme employers, ensuring that all members receive their accurate pension benefit entitlement on time. These aims are best achieved where the Administering Authority and scheme employers work in partnership and have a clear understanding of their respective roles and responsibilities.

This strategy outlines the roles and responsibilities of both the administering authority and scheme employers. It also specifies the service level each party is expected to provide to the other and the measures applied to evaluate performance against these.

2.1 The Roles and responsibilities of the Administering Authority

The high-level responsibilities for the administering authority are to:

- administer the LGPS in respect of all scheme members (active, deferred, pensioner and survivor members) in accordance with this Strategy.
- maintain and review the Fund's statements, policies and reports and all other matters relating to the governance of the scheme.
- communicate and engage with scheme employers on all LGPS and related matters.
- provide support/training to employers.
- maintain and develop an effective web presence for the benefit of scheme members and scheme employers.

2.2 The Roles and responsibilities of the scheme employers

The high-level responsibilities for a scheme employer are to:

- communicate the benefits of the LGPS to eligible staff.
- ensure the correct level of monthly pension contributions are collected and paid over to the Fund by no later than the 20th of the month following the month of deduction.
- report information and data to the administering authority as set out in this Strategy.
- keep up to date with Fund related communications.
- provide a prompt response to information requests from the administering authority.

A detailed description of the key administering authority and scheme employer responsibilities relating to the Fund's administration are set out in Appendix 1.

3. Performance Monitoring

3.1 General

The document provides the actions that may be taken where standards are not met by scheme employers and/or when persistent non-compliance occurs.

Due in large part to the annualised nature of the pension accrual for a Career Average Revalued Earnings (CARE) pension scheme, the importance of accurate and timely membership data returns to the administering authority has never been greater.

The requirements and demands of running a CARE pension scheme, such as the LGPS, means that the administering authority must receive accurate and timely membership data from all scheme employers.

This is in order that it can fulfil its statutory and organisational responsibilities, such as completion of member retirements, the production of annual benefit statements and compliance with the pension dashboards disclosure requirements.

The administering authority has, therefore, made the decision to mandate monthly data returns (via the administration platforms iConnect functionality) for all scheme employers. All new joiner, opt-out, retirement notifications, etc. must be included on the monthly data submission for the month that the member joined, opted, out, retired, etc. or the month after if this is not possible.

If a scheme employer fails to provide the required data on a monthly basis via iConnect and continues to provide information on an annual basis, the administering authority will charge an additional fee in order to process data using this legacy arrangement. Details of the additional fee that will be charged can be seen in the table on Appendix 2.

3.2 Monitoring and Engagement

Various means will be employed, as determined from time to time, to assist in monitoring compliance with this Strategy. More detailed methods may be included in a service level agreement (SLA) between an individual scheme employer and the administering authority. These methods may include:

- Internal/external audit review of processes and internal controls.
- Performance monitoring against scheme employer tasks and functions noted in this Strategy.
- Performance monitoring the administering authority's own performance against internal key performance indicator as noted in this Strategy.
- Training sessions offered by the administering authority on the most pertinent issues affecting scheme members and scheme employers.
- Annual scheme employer pension forums.
- Member complaints.
- Internal Dispute Resolution Procedure (IDRP).

Using the above means the administering authority will monitor progress against this Strategy. This information will be reported to the Fund's Pension Committee and Board (PCB) alongside any remedial action taken where the expected standards are not being met. In addition, key performance indicators relating to the administering authority and scheme employers' performance will be reported in the Fund's Annual Report and Accounts.

3.3 Employer poor performance

Regulation 70 of the Regulations provides that an administering authority may recover from a scheme employer any additional costs associated with the administration of the scheme incurred because of a poor level of performance.

Circumstances where additional costs may be recovered

The circumstances where additional costs may be recovered from the scheme employer are:

- Persistent failure to provide relevant information to the administering authority, scheme member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information).
- Instances where performance by the scheme employer results in a loss to the Fund, e.g. any overpayment resulting from inaccurate information supplied by the scheme employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc.
- Failure to deduct and pay over correct employee and/or employer contributions within the standard timescales.
- Failure to pay any other amounts due to the Fund, e.g., actuarial strain payments.
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the courts, the Pensions Regulator, the Pensions Ombudsman or any other regulatory body.

Where an administering authority wishes to recover any such additional costs it must give written notice stating:

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

The approach by the administering authority when dealing with poor scheme employer performance

When dealing with poor performance from a scheme employer the administering authority will follow the approach set out below:

- Write to the scheme employer noting the administering authority's areas of concern regarding the scheme employer's performance and offer training or a meeting to address the issue.
- If no improvement is made within one month of the above date (or within an agreed timescale following a meeting with or delivery of a training session to the scheme employer or where the matter in question is not a regular event and no improvement is made at the next occasion that that same matter occurs, and the offer of training or a meeting has not been accepted, the administering authority will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.
- An invoice and formal written notice will then be issued to the scheme employer which sets out calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this Strategy.

4. Communication

It is vital that good communication channels exist between the administering authority, scheme employers and scheme members. This helps ensure the good running of the Fund by reducing errors and improving efficiency and alerts scheme members to the value to them of the LGPS, which itself aids recruitment, retention and the motivation of the workforce.

In order to support scheme employers the administering authority will:

- Work closely with them to improve areas where issues have been identified as a result of performance monitoring.
- Keep under review all processes and procedures and implement improvements where required.
- Provide access to policy and strategy documents, including the administering authority's discretions policy, communications policy, communication and engagement strategy, data strategy and annual report.
- Provide guidance to scheme employers on a range of topics through procedural guides, newsletters, e-alerts, employer forum, etc.
- Provide training to scheme employers as and when required or on request from the scheme employer. All new employers in the Fund will also be provided with

training. Employers will be expected to attend any such training, particularly where significant performance issues have been identified.

In addition to the above the administering authority will be happy to attend any employer specific events to assist employers to understand their responsibilities in relation to their participation in the LGPS.

Scheme employers are expected to support the administering authority with any promotional activities that they are carrying out, including assisting with distributing e-communications and/or and promoting online access to the scheme.

The administering authority will also communicate with scheme members, using the following means to do so:

- Fund website - containing information about the Fund and the LGPS.
- Member Self Service - an on-line self-service facility giving scheme members access to their own pension records.
- Annual Benefit Statements - issued to all active and deferred scheme members.
- Newsletters - issued at least annually, bringing attention to important information, such as changes to scheme rules.
- One to One meetings - as required, to discuss personal details related to a scheme member's
- participation in the Fund
- Presentations - available to scheme members on specific pension related matters, such as HMRC pension tax rules or pre-retirement sessions.

5. Review Process

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

6. Consultation

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

7. Appendices

7.1 Roles and responsibilities

Administering authority

The key responsibilities of the administering authority are summarised below:

- To appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.
- To appoint an Additional Voluntary Contributions provider
- Ensure that, where required, employer admission agreements with the administering authority are in place.
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned shall be recharged to the employer.
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the scheme, for scheme members and for use by scheme employers.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund and for scheme employer accounting reports requested (e.g. IAS19/FRS102 reports).
- To provide assistance to scheme employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.
- To comply with HMRC reporting requirements regarding pension benefits.
- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with the (UK/EU) General Data Protection Regulation legislation including use of appropriate secure data transfer methods.

Scheme employer

The key responsibilities of a scheme employer are summarised below:

- To maintain employment records for each scheme member for the purposes of determining membership and entitlement to pension benefits.
- To determine a scheme member's pay (or fees) for the purpose of pension contributions and to determine final pay (if required both final salary and CARE regulation definitions) for the purposes of calculating benefits due from the scheme.

-
- To determine annually a scheme member's contribution rate on the basis of the scheme member's rate of pensionable pay having regard to guidance issued.
 - To collect, make payment and account for the deduction of the correct rate of monthly pension contributions payable by both the scheme members and the employer.
 - To appoint a person designated to receive appeals from employees on 'first instance decisions' under the LGPS Regulations
 - To notify, in writing, every person whose rights or liabilities are affected by a 'first instance decision' made by the employer under the Regulations.
 - To ensure all information is provided as required regarding a scheme members' employment, using electronic transfer of data where at all possible (especially for bulk exercises) and agreed with the administering authority. Data provided should comply with the General Data Protection Regulations and secure transfer methods used.
 - To use an independent Medical Officer qualified in Occupational Health Medicine, (who has been approved by the administering authority), in determining ill-health retirement and provide the administering authority with a relevant certificate where appropriate.
 - To provide additional information as required for actuarial valuation, monthly data transfer, data matching or communication purposes. The specification for such exercises will be provided by the administering authority and may, after consultation, be modified from time to time.
 - To provide prospective scheme members with basic information about the scheme using, where appropriate, material provided by the administering authority.
 - To ensure those not joining the scheme are fully aware of the benefits given up and that equalities principles are met.
 - To pay the administering authority, by lump sum and within prescribed time limits, any amounts arising as a result of the scheme employer's decision to increase annual pension under the Regulations.
 - To pay the administering authority, by lump sum payment and within prescribed time limits, any strain cost arising from a decision made by the scheme employer to award early payment of benefits.
 - To ensure the administering authority is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
 - To inform the administering authority of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers of employments or any redundancy exercises as soon as known.
 - To provide details of officers (specifically the primary employer contact) or representatives who are to receive employer communications issued by the administering authority and keep these up to date as necessary. Details should be kept up to date as necessary.

7.2 Fees and charges

Activity	Charge
Late payment of employer and/or employee contributions and any other payments due.	A fixed penalty of £50 per occurrence plus interest as defined in the LGPS Regulations.
Late provision of monthly or year-end contributions returns in prescribed format	A fixed penalty of £50 per occurrence plus £10 for each week plus part week of continued non-provision.
Failure to provide a copy of discretions policy or latest version	A fixed penalty of £50 for failing to supply a copy plus a further £50 charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Failure to provide required member information monthly via I-Connect or other methods if agreed	Charge £50 per form and a further charge of £50 per month the form is outstanding
Failure to respond or provide any other required information within timeframes.	A fixed penalty £50 per case for each case chased after the original deadline has passed.
Late notification annual year end information	£250 plus interest as defined in the LGPS Regulations.
Charges for persistent incorrect and incomplete information provided by the scheme employer to the administering authority (where the case has to be returned for incorrect information on more than 2 occasions).	£50 per case
Fines levied against the administering authority from the Pensions Regulator that are directly attributable to the scheme employer's performance.	Amount requested by the Pensions Regulator.
Fines levied against the administering authority from the Pensions Ombudsman that are directly attributable to the scheme employer's performance.	Amount requested by the Pensions Ombudsman
Delay causing payments from the Fund to be treated as unauthorised payments for HMRC purposes	Cost of amount of the unauthorised payment.
Fines from any other statutory body incurred as a result of the scheme employers actions.	As levied

7.3 Performance Standards

Administering authority

In addition to the legislative and regulatory requirements set out previously, the administering authority and scheme employers will ensure that all functions and tasks are carried out to agreed quality standards. This section outlines the key responsibilities of the administering authority, and the performance standards scheme employers and scheme members should expect. It is focused on the key activities which involve interaction with scheme employers and/or scheme members and should not be viewed as an exhaustive list.

Governance

Function	Requirement
Regularly review the Fund's pension administration strategy and consult with all scheme employers	At least annually or following any material change in scheme rules or policies relating to the Strategy
Review the Fund's Funding Strategy Statement at each triennial valuation, following consultation with scheme employers and the Fund's actuary.	As part of each formal triennial valuation, to be published by 31 March following the valuation date
Review the Fund's Communication policy statement	At least annually, as part of Fund's annual report and accounts. To be published within 30 days of any revision being agreed by the Pension Committee
Review the Fund's Governance and compliance statement	Annually, as part of Fund's annual report and accounts. To be published within 30 days of any revision being agreed by the Pension Committee
Formulate, keep under review and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Review annually or following any material change in scheme rules amending existing discretions or introducing new ones. To be published within 30 days of any revision being agreed by the Pension Committee
Publish the Fund's Annual report and Financial Statement	By 30 September following the year-end or following the issue of the auditors opinion
Notify scheme employer of issues relating to scheme employer's unsatisfactory performance	Within 15 working days of performance issue being identified.

General administration/member data

Function	Requirement
Provide support for scheme employers through a dedicated employer website, technical notes, forums, employer bulletins/alerts and day to day contact	Ongoing support as required
Organise and provide coaching sessions on an employer's roles and responsibilities	Upon request of scheme employers or as administering authority officers deem necessary
Notify scheme employers and scheme members of changes to the scheme rule	Within 15 days of regulatory change
Produce annual benefit statements to active and deferred members as at 31 March each year	By 31 August following the year-end
Produce and issue annual allowance pension saving statements each year to members who have exceeded their annual allowance	By 6 October following the end of tax year (subject to receipt of all relevant information from the scheme employer)
Publish and keep up to date all forms required for completion by scheme members or employer	30 days from any revision
Issue and keep up to date web-based employer guides and factsheets	Within 30 days from date of change/amendment
Issue and keep up to date scheme guide and all other literature for issue to scheme members	Within 30 days from date of change/amendment
Set up new joiner and provide statutory notification to member	Within 40 days of receipt of correct notification from a scheme employer
Process changes in employees' circumstances which may impact on pension benefits	Within 30 days of receipt of correct notification from a scheme employer
Process transfer-in quotations	Within 10 working days of receipt of all required information
Transfer notification of credited membership/accrued pension account to be notified to the scheme member	Within 10 working days of receipt of payment
Transfer-out quotations processed	Within 10 working days of receipt of all necessary information
Transfer-out payments processed	Within 10 working days of receipt of all necessary information
Determine necessary category in relation Aggregation/Interfund cases and issue notification to member of service credit and accrued pension account	Within 15 working days of receipt of all necessary information

Process divorce valuation	Within 30 working days of receipt of all necessary information
Notify the scheme employer of any scheme member's election to pay additional pension contributions, including all required information to enable deductions to commence	Within 15 working days of receipt of election from a scheme member
Process scheme member requests to pay/amend/cease additional voluntary contributions	Within 15 working days of receipt of request from scheme member
Process deferred benefits calculations and issue notification to former scheme member	Within 20 working days of receipt of all necessary information
Process deferred benefits into payment	Within 10 working days of receipt of election and all necessary information
Process refund of pension contributions	Within 10 working days of receipt of all necessary information
Provide retirement options to members	Within 10 working days of receipt of all necessary information
Process new retirement benefits following receipt of options	Lump sum payment plus first payment of pension within 10 working days of receipt of all necessary documentation. Thereafter pension payment on monthly payroll run
Acknowledge notification of a death of a scheme member to their personal representatives/next of kin	Within 5 days of receiving the notification
Determine recipient of a death grant	Within 10 working days of receipt of all necessary information and representations enabling a decision to be made
Make payment of death grant	Within 10 working days of making determination regarding recipient
Provide notification of benefits payable to dependents	Within 10 working days of receiving the required information
Provide notification of benefits payable to dependents	Within 10 working days of receiving the required information
Provide an answer or acknowledgement to scheme members/scheme employers/personal representatives/dependents and other authorised persons	Within 14 days from receipt of enquiry
Undertake data reconciliation exercises against Fund and scheme employer payroll system	Periodically as deemed appropriate

Contributions

Function	Requirement
Consult with scheme employers on the outcomes of the triennial valuation	As part of agreed triennial valuation action plan
Notify scheme employers of contribution requirements for the 3 years effective from April following the triennial valuation date	By 31 December following the triennial valuation date
Notify new scheme employers of their contribution requirements on joining the Fund	Within 30 days of receiving request
Carry out termination valuations on admitted bodies or scheme employers ceasing participation in the Fund	Immediately following notification of exiting scheme employer
Provision of IAS/FRS reports requested by scheme employers	Within agreed timescales following receipt of request from scheme employer.

Scheme Employer

This section outlines the role and responsibilities of all scheme employers in the Fund and the performance standards they are expected to meet, to enable the administering authority to deliver an efficient, quality and value for money service.

The Scheme employer must maintain employment records for each member for the purposes of determining membership and entitlement to benefits (this will need to include full-service history for the period of LGPS membership held under the employment, as well as any gaps in service and whether these were repaid).

The employer must keep a full pay history for the 13 years, ending 31 March, before the member leaves the Scheme.

Governance

Function	Requirement
Designate a named individual to act as the primary employer contact, who is the main contact with regard to any aspect of administering the LGPS and confirm to the administering authority.	Within 30 days of becoming a scheme employer or within one month of the change in officer role.
Appoint person for stage 1 of the pension dispute process (IDRP) and provide full up to date contact details to the Fund	Within 30 days of becoming a scheme employer or following the resignation of the current adjudicator
Notify the administering authority that the stage 1 decision has been issued and provide a copy of the determination	Within 10 working days of making the determination.

Appoint an independent registered medical practitioner qualified in occupational health medicine or arrange contract with third party, in order to consider all ill health retirements applications and agree appointment with administering authority	Within 30 days of commencing participation in the scheme or date of resignation of existing medical officer
Formulate, publish and keep under review policies in relation to all areas where the employer may exercise discretion within the LGPS	A copy of the policy document is to be submitted to the administering authority within one month of a change in policy
Distribute any information provided by the administering authority to scheme members/potential scheme members (e.g. financial information or generic news alerts)	In a timely manner as required

General administration/member data

Function	Requirement
Determine eligibility for LGPS membership – including the date membership starts	At the date of employee joining employment or, if different, the date employee becomes eligible for LGPS membership.
Determine elements of pay to be treated as pensionable for the purposes of the LGPS	At the date of employee joining employment or, if different, the date employee becomes eligible for LGPS membership
Notify the administering authority of new joiners via monthly submission	New joiner information will be submitted electronically by scheme employers in a format agreed with the administering authority. Notifications must be included on the monthly data submission for the month that the member joined, or the month after if this is not possible
Provide monthly return to administering authority providing a breakdown of employee of contribution, CARE/FTE pay and service related data	Within the same timescales as the remittance of employer and employee contributions
To provide annual year end return to administering authority	Completed and validated return to be submitted no later than 30 April following year end
To action requests for data reconciliations of member records	To fully answer data reconciliations/member queries from the Fund within XX weeks of receipt of data

Provide new employees with information regarding the scheme, including access to the member guide and the Fund's membership form (required in order that the administering authority can establish previous pension entitlements and apply for transfer details on behalf of the member)	Within 30 days of the member's first day of entry to the scheme
Direct all eligible new employees to the member guide to the pension scheme on the Fund website	At date of employee appointment
Provide confirmation of any change in a scheme member's circumstances that might impact their LGPS entitlements (e.g. move into or out of the 50/50 scheme, family related leave, etc.)	Within 30 days of the event or receipt of information
Notify the administering authority of early leaver/opt over three months for member's entitled to a refund or deferred benefit.	Notifications must be included on the monthly data submission for the month that the member left, or the month after if this is not possible
Confirm actual leaving data for an opted-out member	Notifications must be included on the monthly data submission for the month that the member left, or the month after if this is not possible
Notify the administering authority when a member leaves with immediate entitlement to benefits (normal, late, ill health or flexible retirement) and issue retirement option form to the employee.	Notifications must be included on the monthly data submission for the month that the member retired, or on an earlier monthly return. Only in exceptional cases should notification be made on a later monthly return
Notify the administering authority of the death of an employee and provide next of kin details.	Within 5 working days of knowledge of the death of the employee
To determine based on medical opinion and advice whether an ill health award is to be made and determine where relevant which tier 1,2 or 3. Arrange for the completion of the appropriate forms and provision of IRMP certificate where ill health retirement is to be awarded	No later than 14 days prior to the date of retirement.
To submit request for estimates for forthcoming retirement	No later than 1 months before retirement, where known

Outsourcing/new employer admissions

Function	Requirement
Notify the administering authority where an outsourcing of services which will involve a TUPE transfer of staff to another organisation is anticipated so that information can be provided to assist in the decision	At the point of deciding to tender
Notify the administering authority of lead decision making and operational officers in circumstances where a prospective new employer or admitted body may request to join the Fund as a result of reorganisation or TUPE transfer	At commencement of business review project
Work with administering authority officers to arrange for an admission agreement to be established	A minimum of 30 days in advance of the date of contract
Notify the administering authority if the scheme employer ceases to admit new scheme members or is considering terminating membership of the Fund	As soon as decision is agreed

Contributions

Function	Requirement
Ensure correct employee contribution rate to be applied each scheme year in line with the appropriate contribution banding table	Immediately upon commencing scheme membership, reviewed as per policy on adjusting employee contribution rates.
Strain on the Fund payments – ensure that where applicable additional fund payments are paid to the Fund (for e.g. redundancy / flexible retirement).	Within 30 days of receipt of invoice from the administering authority
Remit employer and employee contributions to the Fund	By 22nd of the month following deduction of payroll.
Implement changes to employer contribution rates as instructed by the administering authority at the date specified by the Fund Actuary	In line with the Rates Adjustment Certificate as per the triennial valuation
Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay including any period of child related leave, trade dispute or other forms of leave of absence from duty	In accordance with payroll cycle

Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
Arrange for the deduction of AVCs and payment over of contributions to the AVC provider(s) and inform the administering authority as required	In accordance with payroll cycle
Refund any employee contributions when employees opt out of the pension scheme within 3 months and submit notification to the administering authority	As part of the next available payroll following receipt of the election to opt-out
Payments in respect of all work carried out on behalf of the scheme employer by the Fund's Actuary and connected data quality assurance undertaken by the Fund's Administration Team	To be paid within 30 days of the invoice from the Fund

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Report for: Pensions Committee and Board – 5 March 2023

Item number:

Title: Haringey Pension Fund Risk Register

Report

authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officers: Tim Mpofu, Head of Pensions and Treasury

Tim.Mpofu@haringey.gov.uk

Jamie Abbott, Pensions Manager

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 paper has been prepared to update the Pensions Committee and Board on the Pension Fund's risk register and provide an opportunity for the Pensions 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 requested:

3.1. To note and provide any comments on the Fund's risk register. The area of focus for review at this meeting will be Administrative-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 (TPR) requires that the Pension Committee and Board (PCB) establish and implement internal controls for the Fund. These internal controls must be sufficient to ensure that the scheme is administered and managed in accordance with the scheme rules and legal requirements.

6.2. The PCB approved a complete version of the risk register in September 2016. Since then, different areas of the risk register have been reviewed at each

subsequent meeting. Any changes are agreed upon to ensure that the Fund's strategic risk monitoring remains current.

- 6.3. The Fund's risk register covers several areas, including administration, governance, investment, accounting, funding, and legislation risks. Appendix 1 of this paper provides an assessment of the administrative-related risks that have been reviewed and updated for the PCB's feedback during the meeting. Other areas of risk management will be presented to the PCB for detailed review in upcoming meetings.

Risk Scoring

- 6.4. The risk scoring system applied by the Fund assesses the potential impact and likelihood of identified risks. Each risk is assigned a score ranging from 1 (low impact, unlikely to occur) to 5 (high impact, very likely to occur). The RAG (Red-Amber-Green) rating system categorises the overall score for each risk.

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

Key identified risks

- 6.5. The Fund has identified several key risks of particular concern in 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		<p>Inflation remains elevated for longer than initially anticipated, remaining above the Bank of England's target of 2%. This increases both investment and funding risk for the Pension Fund.</p> <p>The current Consumer Price Index (CPI) inflation rate is 4.2%.</p>	<p>The Fund has several investment mandates in inflation linked strategies which are intended to provide some level of inflation protection.</p> <p>The Fund has conducted a thorough review of its investment strategy following the actuarial valuation exercise which considered the impact of inflation on the Pension Fund's cashflows and asset specific expected returns.</p>
ACC1 – Delay of publication of Statement of Accounts		<p>The Council continues to experience significant delays to the completion of the external audit of its Statement of Accounts.</p> <p>Although the Council has published the draft</p>	<p>Since the last update provided to the PCB by the Fund's external auditors, very little progress has been made in completing the outstanding audits.</p> <p>Officers have been attempting to engage with the external</p>

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		<p>accounts for 2020/21, 2021/22 and 2022/23, the external audit has not yet been completed for 2020/21 or undertaken for the other two years.</p>	<p>auditors to complete this activity as soon as possible. The issue has also been brought to the attention of the Public Sector Audit Appointments Limited (PSAA), the body responsible for external auditor appointments for local government and police bodies.</p> <p>This issue has been identified as a national issue and system partners including DLUHC, the Financial Reporting Council, the National Audit Office and CIPFA have launched a consultation on how to resolve the backlog and recommence timely annual audits.</p>
<p>INV2 – Increasing risk of a market downturn</p>		<p>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.</p> <p>The current the bank rate is 5.25%, which remains the highest level since the Great Financial Crisis in 2008-2009.</p> <p>Due to inflation in the UK proving to be more persistent than initially anticipated, there remains considerable uncertainty regarding the future path of interest rates. This uncertainty has increased following the confirmation that the UK has entered a technical recession in the last quarter of 2023.</p>	<p>Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors were necessary, and making the appropriate recommendations to the PCB.</p> <p>The Fund's most recent investment strategy review considered the future global economic outlook. The approved investment portfolio is expected to provide broad diversification benefits depending on the prevailing macroeconomic environment.</p>

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

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

8.1. The Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

8.2. The Fund incorporates ESG risks into its investment selection process. Additional efforts to identify and monitor these risks are currently underway, which will involve establishing responsible investment goals and criteria.

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

Finance and Procurement

9.1. There are no direct financial or procurement implications arising from this report.

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

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

9.3. Section 70 of the Pensions Act 2004 imposes a reporting requirement on the administering authority where there is reasonable cause to believe that a duty which is relevant to the administration of the scheme and imposed by legislation has not been complied with and the failure is one which is of "material significance" then a report must be made to the Pension Regulator. In particular, there should be an assessment as to whether or not the delay in the publication of Statement of Accounts caused by the auditors is one that is of "material significance".

Equalities

9.4. Not applicable.

10. Use of Appendices

10.1. Appendix 1: Haringey Pension Fund Risk Register Review – Administrative Risk Register

10.2. Appendix 2: Haringey Pension Fund Summary Risk Register

11. Local Government (Access to Information) Act 1985

11.1. 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
AD1	Administrative	Structural changes in an employer's membership, including transfers out of the pension fund, closures to new membership, and situations where an employer ceases to exist with insufficient funding or bond placement	5	3	15	<p>1) The Fund actively monitors potential changes among scheme employers, including regularly reviewing the Fund Actuary's Funding Risk Management tool, which provides the most recent employer funding positions.</p> <p>2) At each actuarial valuation, the Fund Actuary reviews employer contributions rates and deficit recovery periods to reflect the strength of the employer covenant.</p> <p>3) Periodic reviews of the covenant strength of the employers are undertaken and indemnity applied where appropriate.</p>	<p>Treat</p> <p>1) Officers, in consultation with the Fund's Advisors, will continue to monitor the scheme employers participating in the and provide any advice to the Pensions Committee and Board as appropriate.</p>	2	10	31/01/2024
AD5	Administrative	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	3	12	<p>1. The Fund's data is held securely through a hosted arrangement provided by the Fund's administration software provider. The system's integrity is routinely assessed, with Service Organisation Controls (SOC) reports being provided.</p> <p>2. The Council has a data recover plan in place which ensures data is stored securely and regularly backed up.</p> <p>3. The Council regularly reviews its Business Continuity Plan to ensure it remains robust and relevant.</p> <p>4. Officers are required to complete mandatory Cyber Security Awareness training.</p>	<p>Treat</p> <p>1) Officers will continue to review and monitor its processes to ensure the most up to date processes are in place to minimise data errors.</p>	2	8	31/01/2024
AD3	Administrative	Concentration of knowledge in a small number of officers and risk of departure of key staff.	3	2	6	<p>1) The Fund's pension administration team completed a restructure in 2022 which consider the development of team members and succession planning including two new apprenticeship roles.</p> <p>2) Detailed process notes and policies are kept in place, and regularly reviewed by the Head of Pensions.</p>	<p>Tolerate</p> <p>1) Current process are in place to ensure the continued development and effective succession planning in the team. Officers will continue to review resource requires and provide any advice to the Pensions Committee and Board as appropriate</p>	2	6	31/01/2024
AD6	Administrative	Failure of financial system leading to benefits to scheme members and supplier payments not being made and Fund accounting not being possible.	3	2	6	<p>1) The Fund has a robust payment processing procedure which includes regular payment processing dates.</p> <p>2) The Fund has various methods of process payments including BACS, CHAPS and Faster Payment Methods.</p>	<p>Tolerate</p> <p>1) Not further actions identified at this stage</p>	2	6	31/01/2024

Appendix 1 Administrative Risk Review

AD2	Administrative	Failure of cyber security measures, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members.	4	2	8	<p>1) The Fund's data quality is regularly reviewed and updated, at least once every three years as part of the actuarial valuation.</p> <p>2) The Fund also undertakes frequent data cleansing exercises with the most recent due exercise due to be completed in 2024.</p> <p>3) The Fund updates its pensions administration strategy at least once every three years to ensure scheme employer reporting compliance.</p>	<p>Treat</p> <p>1) Officers, will continue to monitor the developing cybers security related risks and where appropriate implement any new controls.</p> <p>2) Officers will continue to review the Business Continuity Plan and implement it in the event of a breach in cybersecurity</p>	1	4	31/01/2024
AD4	Administrative	Failure of securely sent sensitive data and any unidentified data flows being sent insecurely.	4	2	8	<p>1) In circumstances where member data needs to be shared with external parties and advisors, this is done through secure platforms.</p>	<p>Tolerate</p> <p>1) Not further actions identified at this stage</p>	1	4	31/01/2024

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.	8
GOV2	Governance	Members have insufficient knowledge of regulations, guidance and best practice to make good and informed decisions.	8
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.	15
GOV5	Governance	Weak procurement processes lead to legal challenge or failure to secure the best value for money 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 Pensions Committee and Board'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.	10
GOV9	Governance	Known risks not monitored leading to adverse financial, reputational or resource impact.	8
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	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty.	16
INV2	Investments	Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates.	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	4
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, especially if inflation remains at sustained higher levels and contributions reduce as a result of the actuarial valuation outcome	15
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

London Borough of Haringey Pension Fund Risk Register			
Investments			
Risk Ref	Risk Group	Risk Description	Risk Score
INV11	Investments	Strategic investment advice received from the investment consultants is inappropriate for the Fund	9
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. The current Consumer Prices Index (CPI) inflation rate is 4.6%. Inflation has remained elevated for longer than initially anticipated.	16
ACC1	Accounting	Risk of the Pension Fund's statement of accounts being delayed beyond statutory deadlines. A delay beyond 30 November would mean the Fund would be unable to produce its annual report by the statutory deadline. The Council continues to experience delays to the completion of the external audit of its Statement of Accounts.	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.	15
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
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

London Borough of Haringey Pension Fund Risk Register			
Accounting			
Risk Ref	Risk Group	Risk Description	Risk Score
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 preceeding 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
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

London Borough of Haringey Pension Fund Risk Register			
Funding/Liability			
Risk Ref	Risk Group	Risk Description	Risk Score
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

London Borough of Haringey Pension Fund Risk Register			
Administrative			
Risk Ref	Risk Group	Risk Description	Risk Score
AD1	Administrative	Structural changes in an employer's membership, including transfers out of the pension fund, closures to new membership, and situations where an employer ceases to exist with insufficient funding or bond placement	15
AD2	Administrative	Failure of cyber security measures, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members.	8
AD3	Administrative	Concentration of knowledge in a small number of officers and risk of departure of key staff.	6

London Borough of Haringey Pension Fund Risk Register			
Administrative			
Risk Ref	Risk Group	Risk Description	Risk Score
AD4	Administrative	Failure of securely sent sensitive data and any unidentified data flows being sent insecurely.	8
AD5	Administrative	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	12
AD6	Administrative	Failure of financial system leading to benefits to scheme members and supplier payments not being made and Fund accounting not being possible.	6

Report for: Pensions Committee and Board – 5 March 2024

Item number:

Title: LGPS Update – The Pensions Regulator: General Code of Practice

Report authorised by: Josephine Lyseight, 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 an update on the Pensions Regulator's (TPR) new General code of practice which was published on 10 January 2024. The Fund's Independent Advisor has prepared a paper to update the PCB on the main outcomes.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note the Independent Advisor's The Pensions Regulator: General code of practice paper, appended as Appendix 1 of this report.
- 3.2. To agree to commission the Independent Advisor to undertake a Governance Review of Fund's governance arrangements.

4. Reason for Decision

4.1. The Pensions Committee and Board must regularly review its performance in respect of the expectations set by the regulator in the General Code of Practice and take the necessary steps to demonstrate compliance.

5. Other options considered

5.1. While an alternative source could potentially carry out the governance review, it is deemed practical to commission this work from the Independent Advisor. This recommendation is based on the relatively low costs involved, the Independent Advisor's experience with conducting similar reviews for other Pension Funds, and his existing knowledge of the Haringey Pension Fund specific arrangements.

6. Background information

- 6.1. The Pensions Regulator (TPR) has extended responsibilities for public service pension schemes, which include the Local Government Pension Scheme (LGPS), focusing particularly on governance and administration matters.
- 6.2. However, TPR's role does not extend to funding and investment issues within the LGPS. In 2021, TPR published a consultation on a new Code of Practice, which was published on 10 January 2024. This General Code, which is shorter but includes updated and new content, is due to come into force on 27 March 2024.
- 6.3. TPR's General Code seeks to introduce comparable standards across all types of Pension Schemes in five areas:
- The governing body
 - Funding and investment
 - Administration
 - Communications and disclosure
 - Reporting to TPR
- 6.4. However, not all parts of the General Code will apply to all pension schemes. The General Code makes a distinction between the governance requirements for occupational pension schemes and public service schemes, with the former required to establish an "effective" system of governance and the latter an "adequate" one.
- 6.5. The Independent Advisor has prepared a paper for the PCB which provides additional analysis on the General Code. The paper covers how the General Code is anticipated to apply to the LGPS and outlines the actions the Fund should take to ensure its compliance with the General Code.
- 6.6. To ensure that the Fund complies with the General Code, it is recommended to conduct a governance review. This review will assess the Fund's current compliance arrangements against the General Code and suggest necessary changes to maintain compliance.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Carbon and Climate Change

- 8.1. Not applicable

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

- 9.1. There are no immediate financial implications arising from this report.

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

9.2. The Assistant Director for Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. As mentioned in this report a new Code of Practice will come into force. This sets out practical guidelines on how to comply with the legislations relating to the Pension Fund.

9.3. Members should note that the administering authority will need to comply with the Code of Practice to the extent that applies to the LGPS. Further advice will be provided when this happens.

Equalities

9.4. Not applicable.

10. Use of Appendices

10.1. Appendix 1: The Independent Advisor's report on The Pensions Regulator:
General code of practice

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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JOHN RAISIN FINANCIAL SERVICES LIMITED

Haringey Pension Fund

The Pensions Regulator: General code of practice

A paper by the Independent Advisor
February 2024

1. Background

The Public Service Pensions Act 2013 extended the role of The Pensions Regulator (TPR) to include public service pension schemes including the Local Government Pension Scheme (LGPS) from 1 April 2015.

With regard to the LGPS The Pensions Regulator (TPR) now has responsibilities in relation to Governance and particularly Administration. However, the Pensions Regulator's role has not been extended to funding and investment issues within the LGPS which remain the responsibility of the particular Secretary of State whose remit includes the LGPS.

Schedule 4 of the Public Service Pensions Act 2013 requires TPR to issue a Code of Practice or Codes of Practice in respect of certain specified matters. In response to this requirement TPR issued Code of Practice No 14 "**Governance and administration of public service pension schemes.**" which came into effect as Code No 14 from 1 April 2015. This Code of Practice is applicable both to the Haringey Pension Fund and the individual Employers within the Fund.

The role of TPR in non-public service pension schemes is wider than in the public service schemes and also includes funding and investment issues. TPR has issued a total of fifteen of Codes of Practice which are applicable to various aspects of the governance and operation of non-public service pension schemes.

On 17 March 2021 TPR published a consultation on a new Code of Practice which it was proposed would convert and update the content of ten of the existing Codes including Code of Practice No 14. This Consultation closed on 26 May 2021. TPR issued an Interim Consultation response on 24 August 2021 and a Final Consultation response on 10 January 2024.

On 10 January 2024 TPR also published its **General code of practice** which is due to come into force on 27 March 2024. Although this new Code is 171 pages long it is significantly shorter than the ten codes it replaces. The General Code includes content which is both updated and new. Two issues of particular note for public service schemes, including the LGPS, are the (new) modules on "Cyber Controls" (pages 115 to 117) and "Scams" (page 145).

2. Introduction to the General code of practice

The Pension Regulator (TPR) General code of practice seeks to introduce, as far as practical, comparable standards across all types of Pension Schemes and to make it easier to maintain and update these. The General code comprises five areas which are in turn broken down into fifty one modules. The five areas are:

- **The governing body**
- **Funding and investment**
- **Administration**
- **Communications and disclosure**
- **Reporting to TPR**

It must however be clearly stated that not every part of the General Code applies to all pension schemes. As TPR states (page 6 paragraph 1) *“This code applies to governing bodies of occupational, personal, and public service pension schemes. Some legal obligations do not apply to all types of governing bodies or schemes.”*

In considering the General Code it is vital to draw a distinction between the governance requirements placed upon occupational pension schemes and public service schemes under Section 249 of the Pensions Act 2004 (As amended) in relation to scheme governance requirements. This issue is covered on pages 68 and 69 of the General Code. As is stated at Page 68 paragraph 2 *“The standards of governance required by law depend on the type of scheme the governing body operates.”*

Section 249A (1) of the Pensions Act 2004 (As amended) states that *“The trustees or managers of an occupational pension scheme must establish and operate an effective system of governance including internal controls.”* In contrast Section 249B (1) states that *“The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed...”* A clear difference is between the requirement for *“effective”* which applies to non-public service schemes and *“adequate”* which applies to public service schemes including the LGPS.

TPR make two statements, at page 69 paragraphs 6 and 7 regarding their *“expectations”* regarding non public service schemes (covered by Section 249A) and public service schemes (covered by Section 249B). These are:

- *“We have broadly the same expectations for each type of scheme...However, the standard required to meet those standards frequently differs according to scheme type and size.”*
- *Where an expectation is different or applies differently in law for a specific type of scheme, this is made clear in this code. Where an expectation does not apply to a scheme because the law doesn't apply, the governing body may wish to consider whether the principles should be adopted as good practice.”*

The above statements clarify that while there is a different legal applicability of the Code between non public and public service schemes the TPR anticipates high standards from all schemes and that where a provision does not apply legally the scheme “may” still “wish to consider whether the principles should be adopted as good practice.” This however does not mean that a LGPS scheme should adopt aspects of the Code that specifically refer to a (non-public service) scheme required to operate an “effective system of governance.”

3. Applicability of the General Code to the LGPS

As has been stated above not all of the General Code applies to the LGPS. Within the General Code TPR make references which seek to indicate the applicability of the contents of the Code to different schemes and which provide some clarity.

However, these references are not sufficient to define in all cases exactly which of the numerous requirements of the Code apply to the LGPS. Consequently the Local Government Pension Scheme Advisory Board for England and Wales (SAB) stated on 19 January 2024 that *“The Secretariat is studying the Code closely to identify any new requirements for funds...”* and that *“Clarity is required on which parts of the Code specifically apply to the LGPS and what these mean for funds and how they should be applied in practice. The SAB will support funds in understanding any new requirements in the Code and where needed, will produce new or update existing guidance to assist funds with their responsibilities.”*

While clarity is required on the exact applicability of the General Code to the LGPS it can be said those modules which subject content are also covered in the existing Code No 14 are, overall, those within the General Code where there will clearly (continue to) be significant requirements on LGPS Funds. These include, for example - Knowledge and understanding, Conflicts of interest, Publishing scheme information, Internal Controls, Record keeping, Data monitoring and improvement, Contributions (Receiving, Monitoring, Overdue), Benefit information statements, Dispute resolution procedures, and those modules (Who must report, Decision to report, How to report, Reporting payment failures) in the “Reporting to TPR: Whistleblowing – reporting breaches of the law” section of the General Code. Therefore, it can certainly be stated that significant aspects of the new General Code do apply to the LGPS.

In addition, there will certainly be additional requirements on LGPS Funds arising from the new General Code. The modules on Cyber security and Scams certainly have applicability to the LGPS.

Unlike all other LGPS Funds (except Hampshire) the Haringey Fund does not exercise its governance functions utilising a (separate) Pensions Committee which exercises the “scheme manager” (decision making role) and a Pensions Board which has the role of “assisting” the Committee but does not (normally) have a decision making function. Haringey operates a combined Pensions Committee and Board which exercises both the “scheme manager” and “assisting” role. Therefore, the Haringey Fund should determine to what extent this arrangement means that the TPR General Code is more applicable to the Haringey Pensions Committee and Board than is usual for a LGPS Pensions Committee. The obvious example is in respect of the statutory requirement for “knowledge and understanding” which in the case of a LGPS Fund does not fall on the members of the Pension Committee but the members of the Pension Board (by virtue of Schedule 4 of the Public Service Pensions Act 2013 and Section 248 of the Pensions Act 2004 (As amended)).

Also even where an aspect of the General Code does not actually “apply” to LGPS Funds, as is the case in relation to establishing and operating an effective system of governance (ESOG) – see pages 68 to 71, or the Own risk assessment (ORA) pages 61 to 64, there are principles and practices which in reality could, or in some cases should, be adopted by the LGPS.

The area of the Code which clearly has the least applicability to the LGPS is that covering **Funding and investment** (pages 72 to 93). This is because TPR does not have responsibility in relation to LGPS funding and investment (which remains the responsibility of the Secretary of State whose remit includes the LGPS – at present the Secretary of State for Levelling Up, Housing and Communities) and also because from the narrative within this area it is clearly directed at non-public service pension schemes as is exemplified, for example by the legislative references utilised. However, even within this Funding and investment area it will be beneficial to LGPS Funds if the Local Government Pension Scheme Advisory Board for England and Wales (SAB) provides clear guidance – for example where LGPS Funds may or should apply elements as “good practice.”

4. What should the Haringey Fund be doing?

As explained above the exact applicability of the TPR General Code to the LGPS is not absolutely clear. The SAB however has stated (on 19 January 2024) that it *“will support funds in understanding any new requirements in the Code and where needed, will produce new or update existing guidance to assist funds with their responsibilities.”* Therefore, the Haringey Fund should pay particular attention to any guidance issued by SAB in relation to the TPR General Code.

However, the Haringey Fund should not simply wait for SAB guidance but should seek to assess its compliance with those relevant requirements of the TPR General Code as soon as it comes into force which is expected to be on 27 March 2024. Actions that the Fund should take include:

- To go through the Code in detail to assess, as far as it is able, which elements of the Code clearly apply to the LGPS.
- Assess to what extent the Haringey joint Pensions Committee and Board arrangement means that the TPR General Code is more applicable to the Haringey “scheme manager” (decision making body) than is usual for a LGPS Pensions Committee.
- Assess the Fund’s current compliance/arrangements against the General Code.
- Produce a plan to make changes or enhancements to ensure necessary compliance.
- Seek to determine which elements of the General Code though not applicable to the LGPS may represent good practice for the Fund and plan to make any consequent changes or enhancements.
- In doing the above the Fund should attend relevant seminars/webinars on the implications of the General Code for LGPS Funds (which may be held prior to 27 March 2024). These may be offered by organisations including SAB and the Actuarial/Investment Consultants who support the LGPS.
- Use, if/as the Fund considers appropriate any tools and/or LGPS specific training relating to the General Code available from the Actuarial/Investment Consultants who support the LGPS.
- Take particular cognisance of any relevant guidance when issued by SAB.
- Report to the Committee and Board on a regular basis progress towards compliance with those parts of the Code that are determined to be applicable to the Haringey Fund and those which are considered to be good practice.

5. Conclusion

The TPR General Code seeks to ensure that pension schemes adhere to relevant legislation and guidance in their governance and operation and to promote good practice.

It will take time and effort to assess the exact applicability of the TRP General Code to the Haringey Fund and to effect any necessary changes or enhancements.

However, all LGPS Funds must be aware that going forward, and having given time for assessment and implementation, where The Pension Regulator (TPR) find that any Fund is not doing what they should do under the General Code they could, and likely will, use their regulatory powers against the Fund in question.

John Raisin

19 February 2024

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Report for: Pensions Committee and Board – 5 March 2024

Item number:

Title: Local Authority Pension Fund Forum (LAPFF) Update

Report

authorised by: Josephine Lyseight, 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 Fund. The Fund is a member of LAPFF, and the Pensions Committee and Board (PCB) 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

3.1. The Pensions Committee and Board is requested 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

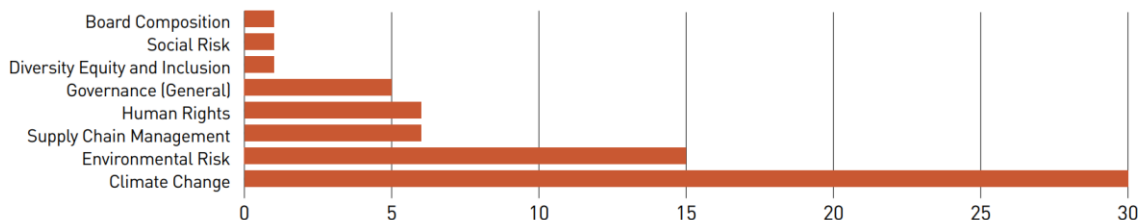
6.1. Haringey Pension Fund (the Fund) is a member of the Local Authority Pension Fund Forum (LAPFF), a shareholder engagement group that regularly engages with companies to encourage best practice and effect positive change. LAPFF engages directly with senior management and company boards to ensure they have the right policies in place to create value responsibly.

Engagement Report

6.2. During the quarter ending on 31 December 2023, LAPFF engaged with 44 companies domiciled across more than 10 jurisdictions. Most of this engagement was in the form of meetings with several companies across the UK largely on environmental risk and supply change management issues.

6.3. The chart below shows the breakdown of engagement topics during the quarter.

ENGAGEMENT TOPICS



Voting Alerts

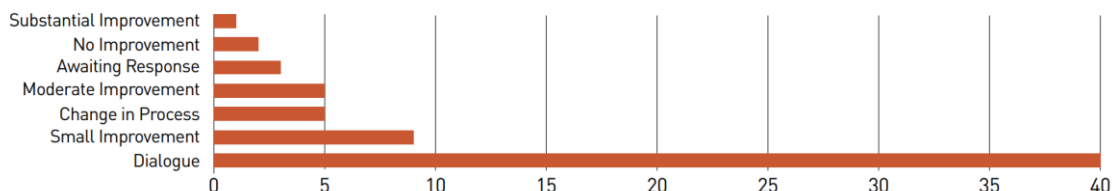
6.4. During the quarter, LAPFF issued 1 voting alert. The table below provides details on the outcome of the vote, as well as how Legal and General Investment Management (LGIM), the Fund’s listed equity manager, voted.

Table 1 – Quarterly Voting Summary

Company	Description	LAPFF Recommendation	LGIM Vote	AGM Vote Outcome
BHP	All resolutions regarding board director elections and compensation	Oppose	For	For (over 95%)

6.5. The chart below shows the breakdown of meeting engagement outcomes over the quarter.

MEETING ENGAGEMENT OUTCOMES



7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

8.1. The Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

8.2. Through its membership in LAPFF, the Fund can pool its resources with other LGPS funds to influence companies to adopt best practices in their business models. This includes request that they develop detailed climate transition plans.

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

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

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

9.2. The Assistant Director for 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

9.3. Not applicable.

10. Use of Appendices

10.1. None.

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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Report for: Pensions Committee and Board – 5 March 2024

Item number:

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Josephine Lyseight, 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 31 December 2023:
- a. Independent advisor's market commentary
 - b. Investment performance
 - c. Investment asset allocation
 - d. London Collective Investment Vehicle (LCIV) update
 - e. Funding position update

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

- 3.1. The Pensions Committee and Board is recommended to note the information provided in section 6 of this report regarding the Fund's investment performance and activity for the quarter ended 31 December 2023.

4. Reason for Decision

- 4.1. Not applicable.

5. Alternative options considered

- 5.1. Not applicable.

6. Background information

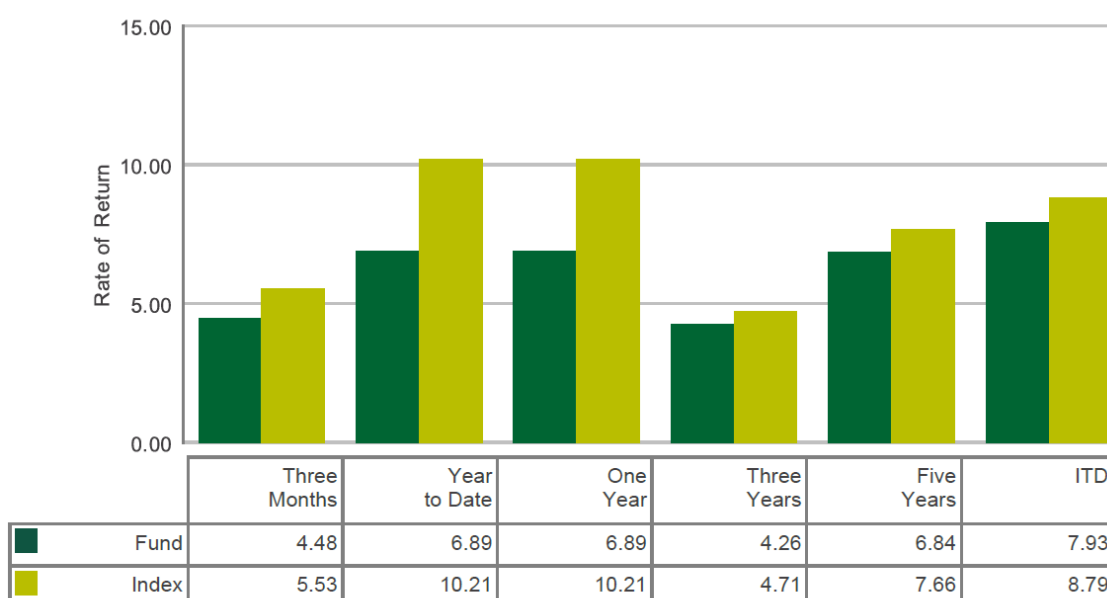
6.1. The independent advisor has prepared a market commentary for the quarter ending 31 December 2023 which, has been included as Appendix 1 to this paper.

Investment Performance

6.2. As of 31 December 2023, the Fund's investment assets had a market value of £1.768bn. The investment performance across the portfolio resulted in an increase of 4.48% over the quarter. However, this was an underperformance of approximately 1.00% compared to the target benchmark.

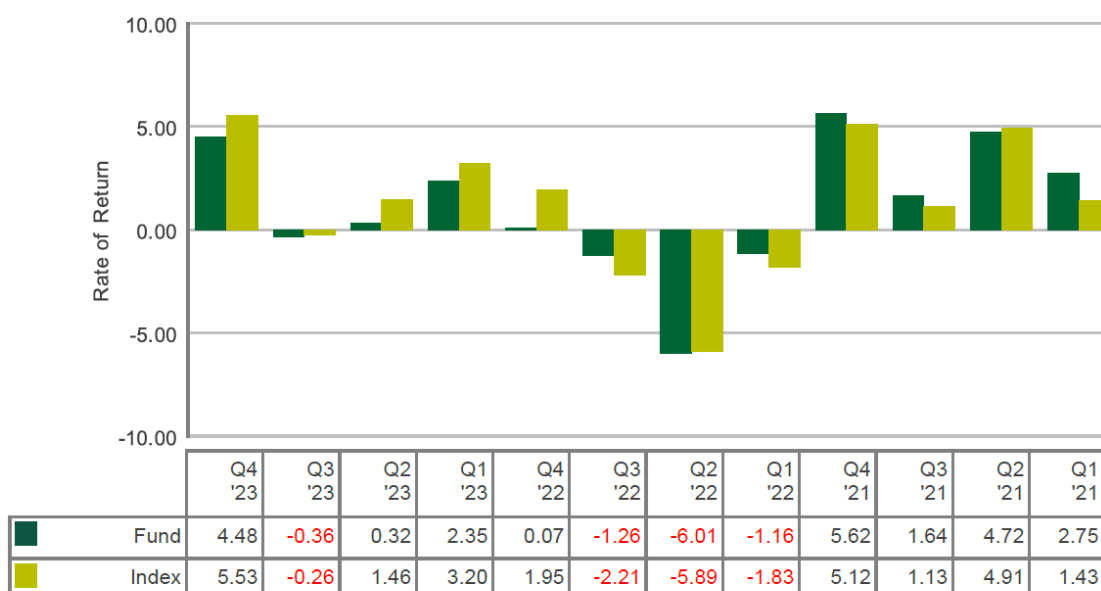
6.3. The Fund's overall investment returns as of 31 December 2023 are shown in the charts below.

HARINGEY PENSION FUND TOTAL FUND GROSS OF FEES



Index: Haringey New Total Plan BM

HARINGEY PENSION FUND ROLLING QUARTERS TOTAL FUND GROSS OF FEES



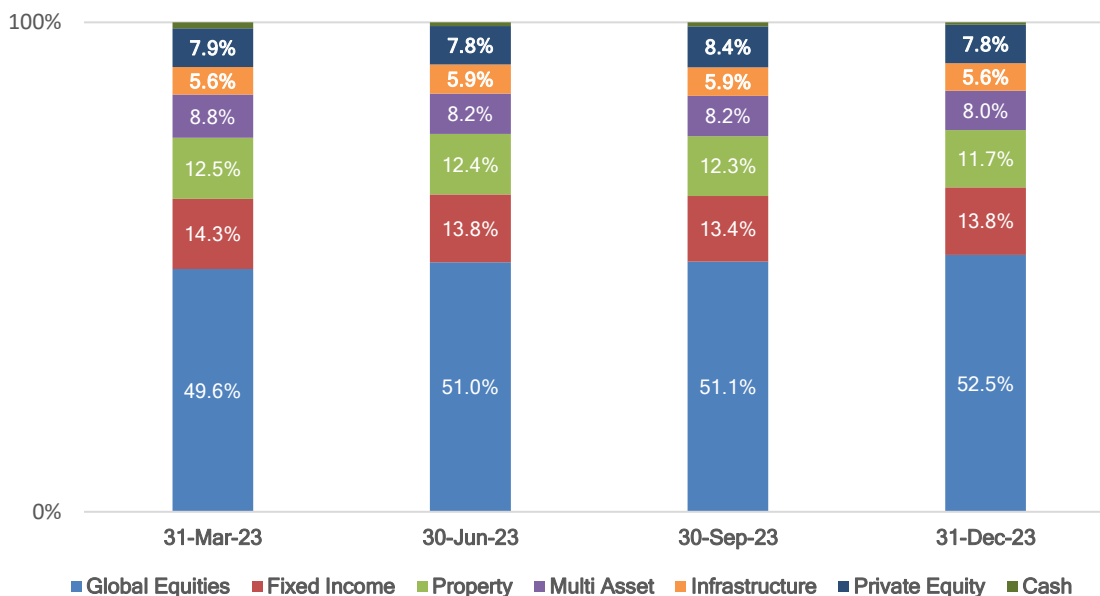
Index: Haringey New Total Plan BM

6.4. A detailed breakdown of Fund’s investment performance can be found in the Fund Strategy Report for the quarter ending December 2023, appended to this report as Confidential Appendix 2.

Investment Asset Allocation

6.5. The Fund’s strategic asset allocation over the last four quarters to 31 December 2023 is shown in the chart below.

Asset allocation as at 31 December 2023



6.6. At the PCB meeting held on 30 January 2024, the Committee and Board agreed to revise its strategic asset allocation following a review of the Fund’s investment strategy. An implementation plan is currently underway with a target completion date of 31 March 2024.

London Collective Investment Vehicle (LCIV) Update

6.7. Haringey Pension Fund, along with all the London Borough funds, is a member of the London Collective Investment Vehicle (LCIV), one of the asset pools that were established following the government guidance issued in November 2015. As of 31 December 2023, the Fund had approximately 77% of its assets invested with the pool, with approximately 20% invested in funds managed directly by the pooling company.

Funding Position Update

6.8. The funding level is the ratio of the market value of assets to the projected future benefit payments, also known as fund liabilities. At 31 March 2022, the Fund had a funding level of 113%. This indicated that the Fund’s investment assets were more than sufficient to cover all the pension benefits accrued by that date, based on the underlying actuarial assumptions.

6.9. Hymans Robertson, the Fund Actuary, regularly calculates an indicative funding position update using the latest actuarial assumptions. At 31 December 2023, the

updated funding level position was 139%. A detailed breakdown of the Fund's funding position has been included as Confidential Appendix 3 to this report.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

8.1. Haringey Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

8.2. The Fund's current investment strategy includes allocations to renewable infrastructure funds and low-carbon equity index funds. One such fund is the RAFI-Multi Factor Climate Transition Fund, which aims to reduce the Pension Fund's carbon intensity accordance with the Paris Agreement.

8.3. The Fund is continually reviewing the ESG performance of existing investment strategies while also seeking out sustainable investment opportunities that align with the Fund's overall investment objectives.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

9.1. The report contains the financial performance of the Haringey Pension Fund and its investments. Proper monitoring and management of these investments increases the likelihood of the Fund achieving its objectives. This, in turn, helps ensure the protection of member benefits and improves the probability of maintaining stable employer contribution rates.

Procurement

9.2. There are no immediate procurement implications arising from this report.

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

9.3. 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.

9.4. 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.

Equality

9.5. The Local Government Pension Scheme is a defined benefit open scheme that allows all Council employees to participate. The report's contents have no direct impact on equality issues.

10. Use of Appendices

10.1. Appendix 1: Independent Advisor's Market Commentary Oct-Dec 2023

10.2. Confidential Appendix 2: Haringey Pension Fund Performance Report Q4 2023

10.3. Confidential Appendix 3: Funding Position Update Nov 2023

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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JOHN RAISIN FINANCIAL SERVICES LIMITED

Independent Advisors Report

Market Commentary October to December 2023

The October to December Quarter was clearly positive for both Equities and Bonds. After a negative October both November and December were strong months for Equities and Bonds. Losing 3% (in US \$ terms) in October the MSCI World Index then experienced a strong two month rally resulting in the index gaining over 11% over the Quarter. Reducing and lower than anticipated levels of reported inflation in the US and Eurozone in November and December led to widespread financial market expectations that interest rates would not increase further and would clearly reduce in 2024. This, coupled with a more doveish stance by the US Federal Reserve (at its December meeting), clearly boosted Equity markets and Bond markets in November and December 2023. Those Equities, such as Information Technology, which are most sensitive to (anticipated) interest rate changes performed particularly well.

The Quarter started off negatively for Equities in the United States as elsewhere. The S&P 500 index declined by 2% during October with market expectations of high interest rates for longer (likely influenced by the statement by Chair Jay Powell at the conclusion of the Federal Open Markets Committee meeting on 20 September when he clearly did not rule out possible “*additional policy firming*” together with headline CPI for September (reported in October) remaining static at 3.7%), and also the conflict in the Middle East which broke out on 7 October 2023.

In contrast to October both November and December 2023 were positive for US Equities. In November and December US Equity markets were boosted by renewed expectations that interest rates had not only peaked but would fall in 2024. The reduction in headline CPI from 3.7% in September to 3.2% in October (which was reported on 14 November) led markets to anticipate that rates would likely fall. This view was supported by the further reduction in CPI to 3.1% in November (reported 12 December) and by the outcome of the meeting of the US Federal Reserve Federal Open Markets Committee (FOMC) which concluded on 13 December. Not only did the FOMC hold interest rates for the third consecutive meeting, but projections issued at the end of the meeting indicated that FOMC participants anticipated rate cuts totalling 0.75% during 2024. The S&P index gained 9% in November and over 4% in December. After allowing for the decline in October the S&P 500 index gained over 11% during the final Quarter of 2023.

At the meetings of the US Federal Reserve Federal Open Markets Committee held on 31 October/1 November and 12-13 December the Federal Funds Rate (the benchmark interest rate) was held at 5.25-5.5%. However, further evidence of cooling US inflation was provided by the Core PCE (Personal Consumption Expenditures Index) which is closely observed by the US Federal Reserve when determining monetary policy. Although the Index remained above the target of 2% it reduced from 3.6% in September, to 3.4% in October, to 3.2% in November and 2.9% in December 2023. The 3.2% November figure reported on 22 December was taken by market participants/commentators as a further indication of likely interest rate cuts in 2024.

While October was negative Eurozone Equities also experienced a clearly positive November and December 2023 with the MSCI EMU index gaining almost 8% (in Euro terms) over the Quarter. Inflation figures from the Eurozone (as well as the US) were lower than had been anticipated and were supportive of Equities and Bonds. The Harmonised Index of Consumer Prices (HICP) for October (which influenced markets in November) was 2.9% compared to 4.3% for the previous month. The November HICP inflation reading fell further to 2.4%. In contrast to the decisions at its previous ten meetings (to increase rates) the Governing Council of the European Central Bank kept interest rates “*unchanged*” at its meeting held on 26 October 2023. At its meeting on 14 December the Governing Council again kept interest rates “*unchanged*”.

The October and December decisions of the ECB along with the statements issued/made to accompany these decisions reassured markets that the ECB has ended its long sequence of interest rate rises (which began in July 2022). Both the Press Releases and Press Conferences (led by ECB President Christine Lagarde) following the October and December meetings, however also, clearly indicated that the ECB will be cautious in respect of decisions to actually reduce interest rates. The Press Releases issued after the October and December meetings included the statement “*The Governing Council is determined to ensure that inflation returns to its 2% medium-term target in a timely manner. Based on its current assessment, the Governing Council considers that the key ECB interest rates are at levels that, maintained for a sufficiently long duration, will make a substantial contribution to this goal. The Governing Council’s future decisions will ensure that its policy rates will be set at sufficiently restrictive levels for as long as necessary.*”

United Kingdom CPI inflation which had been 6.7% in August remained at 6.7% in September (as reported by the Office for National Statistics (ONS) on 18 October 2023). However, the October data (released on 15 November) showed a significant decline to 4.6% which was lower than market/economists’ expectations. The November CPI data (released 20 December) recorded a further notable decline to 3.9% which again exceeded expectations. The Bank of England at its Monetary Policy Committee (MPC) meetings on both 2 November and 14 December retained Bank Rate at 5.25%. These represented the second and third successive meetings at which interest rates had been held rather than increased. However, like the European Central Bank, the Bank of England also indicated clear caution regarding actual interest rate cuts. The Monetary Policy Summary issued at the end of the December meeting included the statement “*Monetary policy will need to be sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term, in line with the Committee’s remit. As illustrated by the November Monetary Policy Report projections, the Committee continues to judge that monetary policy is likely to need to be restrictive for an extended period of time.*”

The apparent ending of monetary policy tightening (interest rate rises) by the Bank of England together with clearly lower than anticipated inflation and a weak/weakening economy (as indicated by GDP data released by the ONS on 10 November and 13 December) were all indicators suggesting to markets/economists (notwithstanding cautionary statements by the Bank of England) that could indicate/result in forthcoming cuts to Base Rate. In this environment UK Equities also rose over the Quarter but, as a whole, by less than US or Eurozone stocks. The FTSE All Share advanced 4.5% over the Quarter.

Japanese Equities, although underperforming world markets as a whole, also experienced a positive Quarter with the Nikkei 225 advancing by 5% (in Yen terms). Japanese inflation which was 3.0% in September rose to 3.3% in October before falling back to 2.8% in November and 2.6% in December. Overall, however, this indicated continuing evidence that Japan has genuinely exited its prolonged period of extremely low inflation with price increases exceeding the Bank of Japan's 2% target since April 2022. Indeed, the Bank of Japan expects inflation to continue to exceed 2% throughout 2024 with the "Statement on Monetary Policy" issued following the 18-19 December monetary policy meeting including the statement that *"The year-on-year rate of increase in the CPI (all items less fresh food) is likely to be above 2 percent through fiscal 2024."*

The Bank of Japan continued to be the only major Central Bank to retain negative interest rates. At both its meeting held on 30-31 October and 18-19 December short term interest rates were maintained at -0.1%. However, at the October meeting there was (as at the July meeting) a further small softening of the monetary policy approach in that the Bank's 10 Year Japanese Government Bond Yield target limit of 1% was changed from a solid limit to *"a reference."* Therefore, the Bank changed its policy to allow yields on 10 Year Japanese Government Bonds to rise above 1%. Notably, however, at the press conference following the December policy meeting Kazuo Ueda the Governor of the Bank of Japan was clear that the Bank of Japan was not yet ready to determine its exit from its ultra loose monetary policy approach and that if it did interest rates would (only) rise slowly.

Asian Markets (excluding Japan) and Emerging Markets also clearly advanced during the Quarter. The MSCI Emerging Market Index gained 8% (in US \$ terms) while the MSCI Asia (excluding Japan) Index gained over 6%. While both Asian and Emerging Market Equities had, overall, a negative October (as did world Equities as a whole) they gained particularly in November and also advanced in December. Increased expectations of US interest rates positively affected markets. Chinese Equities however again performed negatively over the Quarter in the light of continuing concerns regarding the Chinese economy including in respect of the property market and the (lack of) extent of government measures to stimulate the economy.

In contrast to the previous two Quarters the October to December Quarter was, overall, very positive for the benchmark Government Bonds with yields clearly falling and prices therefore clearly rising. This is demonstrated by the notable reduction in the yields of all of the US, UK and German 2,10 and 30 year Bond Yields. For example, the yield on the 10 Year US Treasury fell from 4.57% to 3.88% while that on the 10 Year Gilt fell from 4.44% to 3.54%. Corporate Bonds also had a very successful Quarter. Market expectations of interest rate reductions sooner rather than later (influenced heavily by falling and indeed lower than expected inflation) were doubtlessly a major factor in this.

21 February 2024

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

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Report for: Pensions Committee and Board – 5 March 2024

Item number:

Title: Forward Plan

Report

authorised by: Josephine Lyseight, 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 and agree upon the key priorities for the Pensions Committee and Board (PCB) over the upcoming months, as well as seek the PCB's input into future agendas.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note the progress made towards the agreed key priorities outlined in section 6 of this report, specifically in relation to the investment strategy review, responsible investment policy and fund governance review.

3.2. 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 that those responsible for the governance, decision making, and operational functions of the pension scheme must acquire and maintain the necessary knowledge and skills to appropriately carry out of their duties.

- 6.2. To support this requirement, it is best practice for a pension fund to maintain a work plan. The high-level plan, which outlines the anticipated key activities in the areas of governance, scheme members/employers, investments, and accounting over the next few months, has been included as Appendix 1 of this paper.

Overview of Investment Strategy Review Process

- 6.3. According to the LGPS Regulations, administering authorities are required to formulate, publish, and maintain an Investment Strategy Statement (ISS). The ISS must be kept under regular review and revised from time to time, and at least once every three years.
- 6.4. Following a comprehensive review of the ISS, the PCB agreed a revised version of the ISS at its meeting held on 30 January 2024. As part of this review, the PCB agreed to revise its strategic asset allocation and an implementation plan has been developed by officers with a target completion date of 31 March 2024.

Key Priorities Identified

- 6.5. One of the key priority areas identified during the ISS review was related to the Fund's Environmental, Governance and Social (ESG) policy. The PCB has agreed to a comprehensive review of the ESG policy including the development of a standalone Responsible Investment Policy. In addition to this, a review of the fund's governance was also identified as a key priority area.
- 6.6. As a result, the following key priorities have been added to the proposed work plan for the next 9-12 months, detailed below.

Activity	Objective	Key Dates	Progress Update
Agree any changes to ISS	Following the completion of process of setting investment objectives, the PCB has agreed a new ISS. The revised investment strategy included a new allocation to fixed income which is expected to be implemented by 31 March 2024.	November 2023 – March 2024	On track for completion
Setting responsible investment objectives	The PCB is currently developing the Fund's responsible investment policy. This work will include establishing medium to long-term goals and defining the criteria for investment selection.	February 2024 – December 2024	Initial stages of development
Fund governance review	Following the publication of the revised Code of Practice issued by the Pensions Regulator, the Fund plans to undertake a fund governance review.	March 2024 – December 2024	Initial stages of development

Activity	Objective	Key Dates	Progress Update
Investment opportunities review	Upcoming areas of review will include, evaluating the Fund's listed equities allocation and conducting a thorough review of the Fund's private markets allocation throughout 2024.	June 2024 – January 2025	Initial stages of development

- 6.7. The Pensions Committee and Board (PCB) is invited to provide comments on the proposed work plan above and suggest any necessary amendments. This will enable officers to ensure that members receive the necessary support to inform their decisions.

Knowledge and Skills

- 6.8. The 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.
- 6.9. 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. Carbon and climate change

- 8.1. Haringey Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.
- 8.2. As part of the planned investment strategy review, the Pensions Committee and Board will assess the Pension Fund's responsible investment goals and criteria for investment selection. This includes an approach to managing and monitoring risks related to climate change.

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

Finance and Procurement

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

Head of Legal and Governance (Monitoring Officer)

- 9.2. The Assistant Director for Legal and Governance has been consulted on the content of this report. There are no specific legal implications arising from this report. However, legal advice will be required in due course in respect of the investment strategy to ensure compliance with legislation.

Equalities

9.3. Not applicable.

10. Use of Appendices

10.1. Appendix 1: Forward Plan

10.2. Appendix 2: Training Plan

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

Appendix 1 - Forward Plan

March 2024	July 2024	September 2024	December 2024	January 2025
Standing Items				
Governance/LGPS Update Report (if required)	Administration Report	Administration Report	Administration Report	Administration Report
Work/Forward Plan and Training Opportunities	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)
Risk Register Review	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities
Quarterly Pension Fund Performance & Investment Update	Risk Register Review	Risk Register Review	Risk Register Review	Risk Register Review
LAPFF Voting update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update
	LAPFF Voting update	LAPFF Voting update	LAPFF Voting update	LAPFF Voting update
Administration & Governance				
Administration Strategy	Business Plan and Annual Budget	Annual Pension Fund Accounts 23/24 and Annual Report (including various statutory documents)	Governance Review	Governance Review
Investment & Funding Strategy				
London CIV Update	Responsible Investment Policy Update	Responsible Investment Policy Update	Responsible Investment Policy Update	Responsible Investment Policy Update
	Funding Strategy Review			
Knowledge & Skills Development				
Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update
	LGPS Training for new members			

Appendix 2 Training Plan Conferences

Date	Conference / Event	Training/ Event Organiser	Website	Cost	Delegates Allowed
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

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

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

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