

## NOTICE OF MEETING

# PENSIONS COMMITTEE AND BOARD

Thursday, 25th July, 2024, 7.00 pm - (watch the live meeting [here](#), watch the recording [here](#))

**Councillors:** George Dunstall (Chair), John Bevan (Vice-Chair), Nick da Costa, Tammy Hymas, Thayahlan Iyngkaran 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 16 below).

### 4. DECLARATIONS OF INTEREST

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

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

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

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

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

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

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

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

## **5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

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

## **6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING**

### **Note from the Head of Legal and Governance (Monitoring Officer)**

When considering the items below, the Committee will be operating in its capacity as 'Administering Authority'. When the Committee is operating in its capacity as an Administering Authority, Members must have due regard to their duty as quasi-trustees to act in the best interest of the Pension Fund above all other considerations.

**7. MINUTES (PAGES 1 - 8)**

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 5 March as a correct record.

**8. PENSION FUND EXTERNAL AUDIT PLAN - YEAR TO 31ST MARCH 2024 (PAGES 9 - 36)**

This report presents the draft audit plan prepared by the Pension Fund's external auditors, KPMG, for the audit of the Pension Fund's Annual Accounts for the year ended 31 March 2024, for the Pensions Committee and Board's consideration.

**9. PENSIONS ADMINISTRATION STRATEGY (PAGES 37 - 62)**

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.

This report provides the Pensions Committee and Board (PCB) with a draft version of the Pension Fund's revised Administration Strategy, following consultation with scheme employers and seeks approval of that strategy. This revised strategy 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.

**10. PENSIONS ADMINISTRATION UPDATE (PAGES 63 - 68)**

This report provides the Pensions Committee and Board (PCB) with the following updates regarding Pension Fund's administration activities:

- a. Pension Fund membership update
- b. Online Member Self Service portal update
- c. Update on Service Level Agreement (SLA) statistics
- d. Approval of new admission agreements

**11. HARINGEY PENSION FUND RISK REGISTER (PAGES 69 - 80)**

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.

**12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) UPDATE (PAGES 81 - 84)**

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.

**13. RESPONSIBLE INVESTMENT POLICY DEVELOPMENT PLAN (PAGES 85 - 88)**

This report presents the Responsible Investment (RI) Policy development plan for the Pensions Committee and Board's consideration.

**14. FORWARD PLAN (PAGES 89 - 92)**

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.

**15. PENSION FUND QUARTERLY AND INVESTMENT PERFORMANCE UPDATE (PAGES 93 - 102)**

This report provides the Pensions Committee and Board (PCB) with the following updates on the Pension Fund's performance for the quarter ended 31 March 2024:

- a. Overview of fund performance including funding position update
- b. Independent advisor's market commentary
- c. Investment manager performance
- d. Asset allocation
- e. Market outlook

**16. NEW ITEMS OF URGENT BUSINESS**

**17. DATES OF FUTURE MEETINGS**

To note the dates of future meetings:

12 December 2022  
23 January 2023  
21 March 2023

**18. EXCLUSION OF THE PRESS AND PUBLIC**

Items 19-22 are likely to be subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in

Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); 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.

**19. EXEMPT - PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE (PAGES 103 - 146)**

**20. EXEMPT MINUTES (PAGES 147 - 148)**

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 5 March as a correct record.

**21. NEW ITEMS OF EXEMPT URGENT BUSINESS**

Kodi Sprott, Principal Committee Coordinator

Tel – 020 8489 5343

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Fiona Alderman

Head of Legal & Governance (Monitoring Officer)

George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 17 July 2024

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## **MINUTES OF THE MEETING Pensions Committee and Board HELD ON Tuesday, 5th March, 2024, 7:05pm – 8:14pm**

### **PRESENT:**

**Councillors: Ahmed Mahbub (Chair), John Bevan (Vice-Chair),  
Nick da Costa, Thayahlan Iyngkaran and Matt White**

**ALSO ATTENDING: Kodi Sprott, Keith Brown, Randy Plowright, John Raisin, Ishmael Owarish, Tim Mpofu, Jamie Abbott, Craig Pattinson, Patrick Uzize**

### **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 were received from Cllr Hymas.

### **3. URGENT BUSINESS**

There were no items of urgent business.

### **4. DECLARATIONS OF INTEREST**

There were no declarations of interest

### **5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

Representatives of the Tottenham and Haringey Palestine action [group] attended the meeting, and the following was noted.

On behalf of the group, the representatives urged the Committee and Board to look into divesting from companies identified by the group, through their involvement in the ongoing conflict in the Middle East, as soon as possible. They thanked Councillor Blake for his intervention in the matter at an earlier Committee and Board meeting. They also proposed an action research group to kick start this work and looked forward to working together with officers and members.

Cllr Mahbub thanked the deputation party for attending the meeting. Cllr Mahbub informed the group that the Committee and Board had sought advice from officers and appointed advisors since receiving the deputation request from the group. This included raising enquiries with the relevant investment managers and meeting as a group to better understand the current

investment position in relation to these matters as well as consider any actions that could or could not be taken on behalf of the Fund. There was also planned work as part of the investment strategy review to further develop the Fund's responsible investment approach. A comprehensive response addressing the specific questions raised in the deputation would be provided in due course.

The following was noted in response to questions and comments made by the Committee and Board to the deputation group:

Cllr Bevan explained that he took the issues raised seriously. He informed the group that the Pension Fund required all its appointed investment managers to be signatories of the United Nations Principles of Responsible Investment (UNPRI). The investment managers were expected to consider the climate related issues as well as other issues including issues related to tax transparency; it was a big subject that a lot of effort and research was put into. In addition to this, it was noted that the Local Authority Pension Fund Forum (LAPFF) regularly met with company directors to raise all these issues.

It was noted by the deputation group that their research had referred to the Pension Fund's end of 2023 report, MSCI constituents and the London CIV's fund documents. Cllr Mahbub explained Haringey did not have any direct investments in the companies identified but would request officers to confirm this with the London CIV..

Keith Brown explained that excluding specific companies from the indices outlined would be difficult. The cost for Haringey Pension Fund to transfer from an index approach to a fully discretionary approach where companies could be eliminated would cost a lot of money. This would be difficult to justify when the priority of the Fund is to provide pensions to the people participating in the scheme.

Cllr Iyngkaran also cited there was a responsibility to members of the pension fund and added that he took the fiduciary responsibility seriously. He looked forward to engaging with the action group to as part of the policy development work. However, he noted that these things would take time.

## **6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING**

Keith Brown had completed LGPS Fundamentals training.

Cllr Bevan had completed the below training:

- Artemis Opportunities in Emerging Market Equities
- EPFIF Macro-economic, Inflation & Geopolitical Update – Asset Allocation Implications
- LBH Pensions training
- LONDON CIV Natural Capital: Carbon Credit and Financial Aspects Training
- SPS Local Authority Pension Funds Annual Investment Conference
- NUVEEN 2024 Real Assets Impact Forum
- London CIV Business Update

## **7. MINUTES**

### **RESOLVED:**

That the minutes of the meeting held on 30th January 2024 be confirmed and signed as a correct record.



The dates of next meetings were to be confirmed.

## **8. PENSION ADMINISTRATION UPDATE**

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

The following was noted in response to questions and comments from the Committee and Board:

Cllr Bevan sought reassurance on the key performance indicators (KPIs) deadlines. He noted that the target deadlines were tighter than the current ones, but Jamie Abbott explained that he thought these deadlines were achievable. He also explained that tighter target deadlines were established to improve the member experience because they would be able to receive their requested pensions information quicker.

John Raisin made comments from a governance point of view and commended the report. He noted that the basis of the pension fund's administration was a partnership between the administration authority and the scheme employers. Without the two working positively and collaboratively together it would not work. He observed this as an attempt by officers to create a better operational environment.

Tim Mpofo confirmed that the key objective of this review was indeed focused on improving the member experience. CIPFA would also provide benchmarking that would assess the fund's performance compared to other funds who are participating in the benchmarking exercise.

Cllr White queried what the existing KPIs were. Jamie explained these figures could be provided to the Committee and Board in detail after the meeting and taken away as an action. At present, the overall KPI performance was good and within the high 80%'s low 90%'s. These would continue to be produced as part of the Pensions Administration Update reports presented to the Committee and Board on a quarterly basis. In terms of improvements, the CIPFA KPI's were tighter and there were new additions which hadn't been tracked previously. This would be later assessed and provided.

### **RESOLVED:**

The Pensions Committee and Board is recommended:

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.

To note that a revised Pension Administration Strategy will be brought back to the PCB after the consultation has been concluded.

## **9. HARINGEY PENSION FUND RISK REGISTER**

Jamie Abbott presented the item. This paper had 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 following was noted in response to questions and comments from Committee and Board:

Cllr lyngkaran queried if it would be possible to have an arrow within the risk register indicating the movement of individual risks. Tim Mpofu noted the suggestion and would take this away as an action.

Cllr White sought further detail on the risk related to the delay in publication of accounts. Tim Mpofu clarified that the Council (as the Fund's Administering Authority) had published a draft set of accounts, but the audit work related to these accounts had not yet been completed. For these to be final, an external auditor would need to come in and give their opinion on these draft set of accounts. It was further noted that previously, the external auditors had presented their plans to the Committee and Board. Engagement between the external auditing firm and the Council since then had been limited, despite officers making various attempts to re-engage and explore how best this work could be progressed. It was noted that this was a national issue with the external auditors reporting resourcing challenges. Furthermore, the Government was working with audit partners across the sector to come up with a solution to resolve these backlogs. Reassurance was given that officers had completed the required work, specifically on the 2021-2022 accounts with the appointed external audit firm.

When asked further about the implications of this on the Pension Fund, Tim Mpofu cited a key risk which could arise if there was an underlying issue that had gone unidentified for several years which could come to light when the newly appointed external auditors commence their work. It was confirmed that a new external auditing firm would be starting from the start of the new financial year and officers had already started engaging with them. A big part of their assurance work would focus on the opening balances from prior years to ensure that everything was in order. Further updates on their progress would be provided in due course.

**RESOLVED:**

The Pensions Committee and Board is requested:

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.

**10. LGPS UPDATE - THE NEW PENSIONS REGULATOR CODE**

Tim Mpofu presented the item. This report provided 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 had prepared a paper to update the PCB on the main outcomes which formed part of the discussion at the meeting.

The following was noted in response to questions and comments from the Committee and Board:

Cllr White queried to what extent the code was more applicable to the Haringey Pension Fund as the existing governance arrangements comprised of a combined committee and board. John Raisin explained the extent was not definitive. It was further noted that the Pensions regulator had no authority over the functions of a local government pensions committee, however they did have authority over the functions of the board; therefore the regulator had some influence.

Tim Mpofu explained to members that the recommendation would be for the Committee and Board to agree for the Fund's Independent Advisor to undertake this review. Once this review was complete, the Independent Advisor would provide feedback to members including a set of recommendations. Officers would then draft an action plan with the input of all Pensions Committee and Board members. John Raisin added that early September would be the nearest completion for this. There had been some issues between the regulator and the scheme advisory board.

**RESOLVED:**

The Pensions Committee and Board is recommended:

To note the Independent Advisor's The Pensions Regulator: General code of practice paper, appended as Appendix 1 of this report.

To agree to commission the Independent Advisor to undertake a Governance Review of Fund's governance arrangements.

**11. LAPFF UPDATE REPORT**

Tim Mpofu presented the item. This paper provided 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 for the Fund's investment managers to cast its votes at investor meetings in line with the LAPFF voting recommendations.

The following was noted in response to questions and comments from the Committee and Board:

Cllr White asked a question regarding if there was a way for the report to be improved so that it could better evidence and track the positive outcomes from LAPFF's engagement efforts.

Tim Mpofu explained it was difficult to evidence positive outcomes on an individual basis. When LAPFF would undertake any engagement activity identified during the quarter, the full impact of those engagement efforts may materialise years later. One of the key examples to reference was specifically some of the oil and gas companies.; LAPFF has been engaging with these companies for years and only as recent as last year, some of these companies had started to publish their first climate transition reports. It was further noted that it would be difficult to track this sort of outcome because it would require the team to keep track of all the individual voting alerts. This was a challenge given the limited resource capabilities of the Fund. Tim Mpofu referred members to LAPFF's quarterly reports which were available on their website. These reports provide more details regarding the organisation's most successful outcomes and challenges over the quarter including any areas of significant focus. It was further noted that LAPFF regularly arrange several seminars and workshops for members to attend and input into the engagement effort. Tim Mpofu noted the report itself, perhaps needed to be refreshed to make it more meaningful to Committee and Board members.

An action to take was officers would explore if this was something the asset pool company could support on.

Cllr Iyngkaran queried if voting records over the year on what LAPFF recommended could be provided. Tim Mpofu would investigate this and provide an update at a future meeting

Tim Mpofu confirmed with members that they were content to explore further develop of report this report, particularly engagement with the London CIV.

**RESOLVED:**

The Pensions Committee and Board is requested to note the content of this report.

## **12. QUARTERLY INVESTMENT PERFORMANCE**

Tim Mpofu presented the item. This report provided 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

The following was noted in response to questions and comments from the Committee and Board:

Tim Mpofu confirmed that approximately 77% of assets were invested through the London CIV, with approximately 20% invested in funds managed directly by the pooling company. It was further explained that even though the London CIV did not have direct management of the Fund's passive investment portfolio, there was a monitoring arrangement in place, which was why those assets were considered pooled. It was further noted that the Committee and Board's recent decision to allocate to the London CIV Buy and Maintain Fund would result in an increase to the allocation of assets directly managed by the London CIV.

In response to further questions from the Committee and Board regarding the pooling arrangements, Tim Mpofu explained that to his understanding there was an arrangement in place between Legal and General (the Fund's listed equity manager) and the London CIV, whereby the London CIV provided oversight of Legal and General's funds. However, London CIV was not the ultimate beneficial owner of the underlying assets.

**RESOLVED:**

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.

## **13. FORWARD PLAN**

Tim Mpofu presented the item. This paper had 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.

The following was noted in response to questions and comments from the Committee and Board:

John Raisin provided an overview of the proposed governance review including an indicative timeline for the work. The governance review would cover governance arrangements, scheme management, pensions administration, appointments of consultants, amongst other fund related matters.

Cllr Bevan raised concerns around the existing capacity within the team and its resourcing. John Raisin confirmed that resourcing issues would be part of the scope of the governance review.

In response to a question regarding the impact of the pre-election period on the ability of the Committee and Board to meet, Tim Mpofu stated that he did not believe these meetings would be affected. It was confirmed that the next Committee and Board meeting would be held in July but there would be opportunities to hold offline meetings and discussions in advance of this.

### **RESOLVED:**

The Pensions Committee and Board is recommended:

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.

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

## **14. NEW ITEMS OF URGENT BUSINESS**

There were no new items of urgent business.

## **15. DATES OF FUTURE MEETINGS**

The date of the next meeting was TBC.

## **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**

The exempt information was considered.

## **18. EXEMPT MINUTES**

RESOLVED.

The exempt minutes were approved.

**19. NEW ITEMS OF EXEMPT URGENT BUSINESS**

CHAIR: Councillor Ahmed Mahbub

Signed by Chair .....

Date .....

**Report for:** Pensions Committee and Board – 25 July 2024

**Item number:**

**Title:** Pension Fund External Audit Plan – year to 31 March 2024

**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](mailto: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 presents the draft audit plan prepared by the Pension Fund's external auditors, KPMG, for the audit of the Pension Fund's Annual Accounts for the year ended 31 March 2024, for the Pensions Committee and Board's consideration.

**2. Cabinet Member Introduction**

- 2.1. Not applicable

**3. Recommendations**

The Pensions Committee and Board is requested to:

- 3.1. To note and provide any comments on the draft audit plan that has been prepared by KPMG, which is included as Appendix 1 to this paper.

**4. Reason for Decision**

- 4.1. As the Administering Authority for the Haringey Pension Fund, Haringey Council is required by law to approve the Pension Fund Accounts and Annual Report each year.
- 4.2. The Council, in its Constitution, has delegated the responsibility of exercising all the Council's functions as the Pension Fund's Administering Authority to the Pensions Committee and Board.

**5. Alternative options considered**

- 5.1. Not applicable.

**6. Background information**

- 6.1. In accordance with the Local Government Pension Scheme (LGPS) Regulations 2013, LGPS funds are required to produce an annual report each year. This report must be published by 1 December, following the end of the financial year.
- 6.2. The Council has published a draft Statement of Accounts, which includes the Haringey Pension Fund's annual accounts. These documents are available on the Council's website. The final draft version of the annual report will be presented for approval at the September Pensions Committee and Board meeting, ahead of the 1 December statutory deadline.
- 6.3. KPMG LLP has been appointed as the Council's auditors by the Public Sector Audit Appointments Ltd, marking their first year as Haringey Pension Fund's auditors. As such, the auditors have undertaken greater activities to understand the Council during the planning stage.

#### **Audit Plan**

- 6.4. The draft audit plan outlines KPMG's approach to auditing the annual accounts for the financial year ending 31 March 2024. The plan highlights key areas of focus, including the planned scope and materiality of the audit, identification of significant and other audit risks, and other significant audit-related matters. Additionally, the plan includes the agreed audit cycle and timetable, aiming to have a signed audit report by May 2025 in accordance with the backstop date.
- 6.5. Officers have been engaging with the KPMG audit team since December 2023 and are well-positioned to provide the auditors with all the necessary information in a timely manner during the audit period.
- 6.6. KPMG's audit team will attend the meeting to discuss the draft audit plan, which has been included as Appendix 1 to this paper, in detail.

#### **7. Contribution to Strategic Outcomes**

- 7.1. Not applicable

#### **8. Carbon and Climate Change**

- 8.1. Not applicable

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

##### Finance

- 9.1. Public sector audit fees are set centrally by the Public Sector Audit Appointments Ltd. The proposed fees for the 2023/24 audit are £76,900. This fee, a significant increase from previous years, is based on several assumptions such as the timely completion of audit evidence files and provision of supporting schedules. Any deviations from these assumptions which include changes to deadlines or reporting requirements may result in increased fees.
- 9.2. Furthermore, the fees do not include the new requirements of ISA315 revised (risk of material misstatement) or ISA 240 (auditor's responsibilities relating to fraud). Additional fees in these areas will follow the fee variation process outlined by the PSAA. The auditor estimates that the additional fees are likely to range from 5%



to 10% of the scale fee and are dependent on the level of the IT control environment.

Procurement

- 9.3. There are no immediate procurement implications arising from this report.

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

- 9.4. The Assistant Director of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. Part of the Council's duty as administering authority for the Haringey Pension Fund is to ensure that the annual accounts are properly audited, and the audit plan sets out how and when the audit will be carried out.

Equality

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

**10. Use of Appendices**

- 10.1. Appendix 1: Audit plan and strategy for the year ended 31 March 2024 [prepared by KPMG]

**11. Local Government (Access to Information) Act 1985**

- 11.1. Not applicable.

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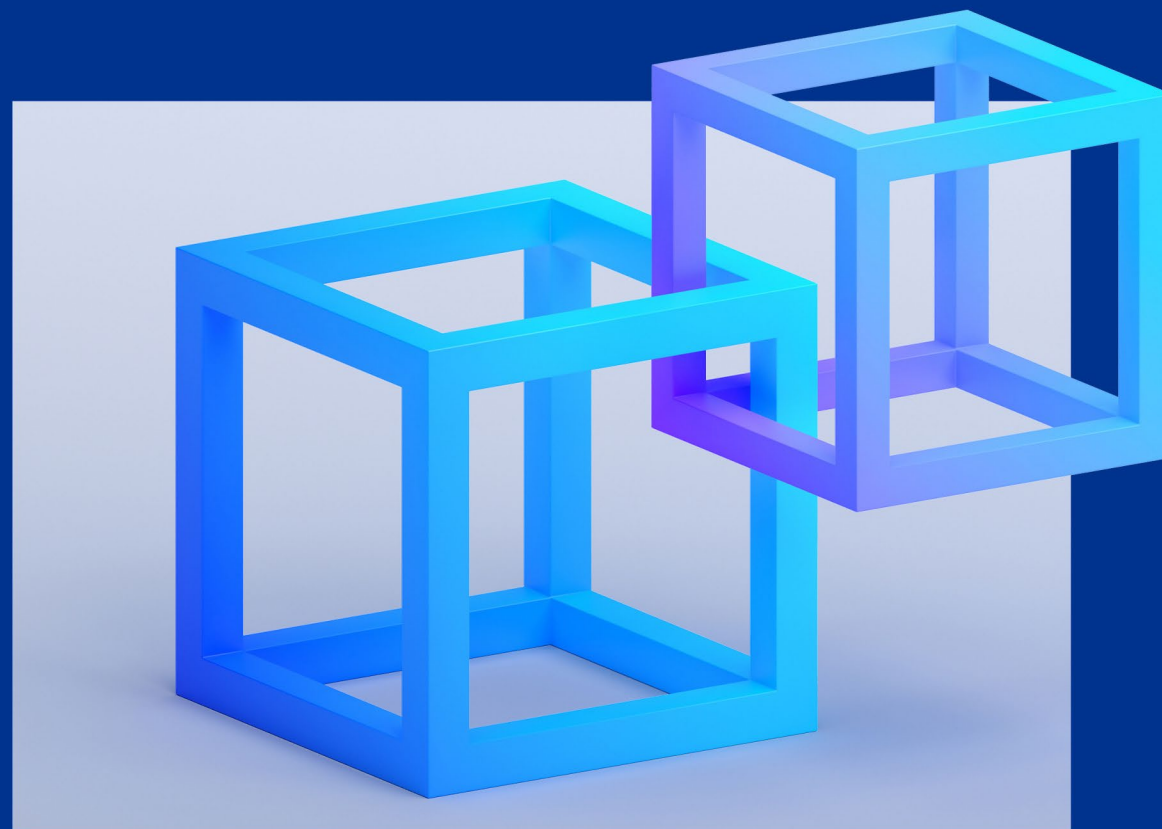
# Haringey Pension Fund

Draft Report to the Pension Committee and Board

Audit plan and strategy for the year ended 31 March 2024

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16 July 2024



# Introduction

## To the Pensions Committee and Board of Haringey Pension Fund

We are pleased to have the opportunity to meet with you to discuss our audit of the financial statements of Haringey Pension Fund for the year ended 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24 and a need for new legislation to clarify the position for open prior year-end audits, therefore this draft plan will remain draft until the finalisation of that consultation.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach subsequently.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

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Other significant matters related to our audit approach	11
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## The engagement team

Tim Cutler is the engagement lead partner on the audit. He has over 26 years experience in public sector audit.

Tim Cutler shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include engagement manager Mehul Aggarwal and in-charge M. Muhammad with 8 years and 4 years of experience respectively.

Yours sincerely,



Tim Cutler

Partner - KPMG LLP

16 July 2024

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

### Restrictions on distribution

This report is intended solely for the information of those charged with governance of Haringey Pension Fund and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the Haringey Pension Fund financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of the Haringey Pension Fund's total assets as at 31 Mar 2023 taken from published unaudited FY 2023 financial statements which we consider to be appropriate given the sector in which the Pension Fund operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as the fact that this is our initial audit when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £11.1m / 65% of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period.

We will report misstatements to the Audit Committee, Pensions Committee and Board including:

- Corrected and uncorrected audit misstatements above £855k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Control environment

We have performed our assessment of the control environment. Consequently, the impact of the control environment on our audit is reflected in our planned audit procedures.

## Materiality

Group	
Materiality for the financial statements as a whole	<b>£17.1m</b> 1% of total assets
Procedure designed to detect individual errors at this level	<b>£11.1m</b>
Misstatements reported to the Audit Committee and Pension Committee	<b>£855k</b>

## Haringey Pension Fund Materiality

**£17.1m**

1% of pension fund's total assets

# Overview of planned scope including materiality (cont.)



## Timing of our audit and communications

We will maintain communication led by the engagement lead partner and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in January 2024 where we presented our audit approach and discuss management's progress in key areas, with regular ongoing discussions, including sharing audit plans and findings through the year.
- Pension Committee and Board in July 2024 where we present our draft audit plan and this will also be presented at the next Pensions Committee and Board.
- Status meetings with management in July 2024 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues.
- Closing meeting with management in September, 2024 where we discuss the auditor's report and any outstanding deliverables.
- Pension Committee and Board in September 2024 where we communicate audit misstatements and significant control deficiencies. This will also be presented at the next Pensions Committee and Board.

Given the large amount of consultation happening in regard to the scope and timing of local government audit this audit schedule may be subject to change.

## Key developments in the year

Key developments	KPMG's response
<b>Revision of the Investment Strategy Statement</b> During the year ended 31 Mar 2024, the Investment Strategy Statement of the Pension Fund was revised to make it consistent with the results of the triennial valuation. This includes rebalancing decisions of the investments i.e. investment transitions from one asset category to another.	We will review the impact on our review of the control environment. We will inspect the Investment Strategy Statement and compare with the portfolio as at 31 March 2024 to ascertain the consistency of the investments portfolio with the Investment Strategy Statement. We will further test whether the transactions occurring during the year were consistent with the Investment Strategy Statement.

# Significant risks and other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the Haringey Pension Fund, the industry and the wider economic environment in which the Pension Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from component audit teams and internal audit reports.

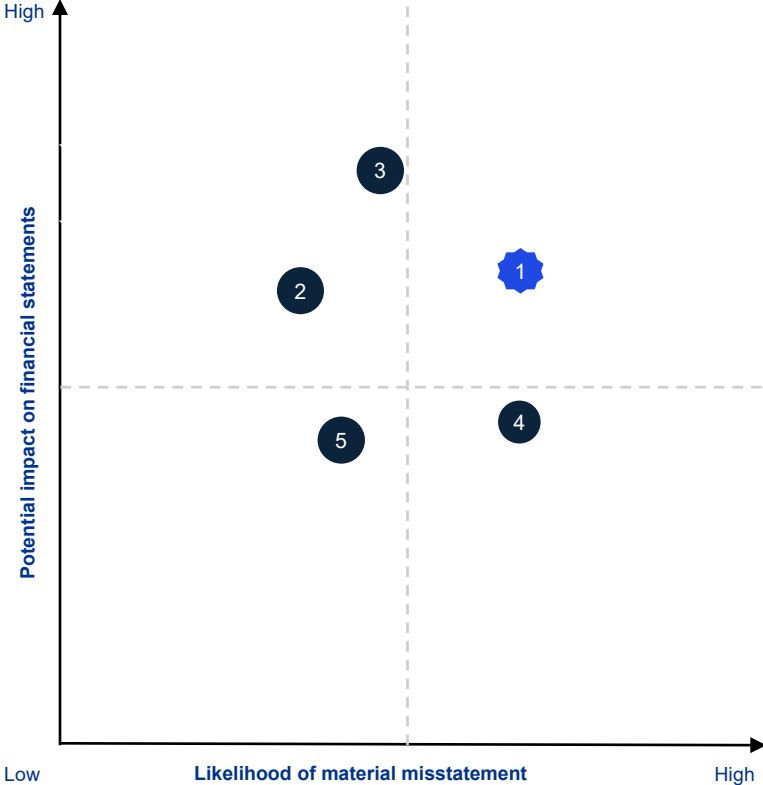
Due to the current levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Pension Committee and Board.

## Significant risks

- 1 Management override of controls

## Other audit risks

- 2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded
- 3 Valuation of Level 1, 2 and Level 3 investments is misstated
- 4 Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule
- 5 The actuarial position of the scheme is not appropriately presented in the financial statements



### KEY

- 1 Presumed significant risk
- 2 Other audit risks

# Audit risks and our audit approach



## 1 Management override of controls(a)



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures we identified that the Pension Fund does not have enforced segregation of duty controls over the posting of journals, we will therefore not seek to take a controls based approach when designing procedures to provide assurance over this risk.

Note: (a) Significant risk that professional standards require us to assess in all cases.



### Planned response

- As part of our audit procedures we will gain an understanding of the financial reporting process.
- Our audit methodology incorporates the risk of management override of controls as a default significant risk.
- In line with our methodology, we will evaluate the design and implementation of controls over journal entries and post-closing adjustments. We will evaluate the design and implementation of automated controls used in the financial reporting process, where automated controls are in place.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We will assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business, or are otherwise unusual.
- We will evaluate the selection and application of accounting policies.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.
- With regards to the financial reporting and journals process, we will perform the following over journal entries and other adjustments:
  - Evaluate the completeness of the population of journal entries.
  - We will determine high risk criteria and select journals based on this criteria for testing.



# Audit risks and our audit approach (cont.)



2

## Level 1, 2 and Level 3 investments are not complete, do not exist or are not accurately recorded



### Other audit risk

- Level 1, 2 and Level 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Haringey Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.



### Planned response

- As part of our audit procedures we will gain an understanding of the processes over the completeness, existence and accuracy of Level 1, 2 and 3 investments. This will include gaining an understanding of the control environment at all the investment managers and Northern Trust (custodian) by reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach (where available).
- We will obtain direct confirmations from your custodian and all your investment managers to vouch the holdings and test the accuracy of amount recorded as investments in financial statement at the year end.
- We will vouch purchases and sales to investment manager and/or custodian reports.
- We will recalculate change in market value and compare this to the overall investment return stated in the Pension Committee and Board 's report for consistency with the amounts reported in the financial statements. We will investigate any material deviations.

# Audit risks and our audit approach (cont.)



3

## Valuation of Level 1, 2 and other Level 3 investments is misstated



### Other audit risk

- The fair value of level 1, 2 and 3 investments is not measured appropriately.
- Investments are held to pay benefits of the Haringey Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 segregated and pooled investments, due to the estimation uncertainty resulting from the pricing of these investments.
- There is a risk of material misstatement relating to fair values of level 3 pooled investments which amount to £304.8m as per published unaudited financial statements as at 31 Mar 2023, due to the estimation uncertainty resulting from unobservable inputs to these investments.



### Planned response

Our approach in relation to valuation for different types of investments is as follows:

- **Segregated financial instruments:** Our in-house investment valuation team, iRADAR, will be engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 Pooled Investment Vehicles:** We will recalculate the value of the Level 1 and 2 pooled investments by using our internal valuation specialist.
- **Level 3 pooled investment vehicles:** For each Level 3 pooled investment vehicle investment manager, as part of our audit procedures we assess the work of the investment manager for use as audit evidence;
- We will obtain the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouch the valuation to this.
- For a number of items selected for testing, we will further assess the reliability of the NAV statement by:
  - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
  - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
  - Comparing the unaudited pricing information at the year end to the audited financial statements valuation. Where the audited financial statements are not as at the Fund year end date, we will agree them to unaudited pricing information at that date and reconcile significant movements to the Fund year end date agreeing movements to transaction statements.

# Audit risks and our audit approach (cont.)



## 4 Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule



### Other audit risk

- Contributions into the Pension Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Rates and Adjustments Schedule.
- Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Revenue in a pension fund equates to contributions income. This revenue is recognized based on specific instructions as set out in the appropriate schedule(s). There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Pension Fund's management to manipulate the financial reporting of contributions. Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension fund audits.



### Planned response

As part of our audit procedures we will gain an understanding of the processes over the contribution payment arrangements between the admitted and scheduled bodies and administering authority, and also the effectiveness of the Pension Fund's contribution monitoring arrangements.

As part of risk assessment procedures, we will carry out re-performance checks for a selection of members on normal employee and employer contributions by reference to their pensionable salary and rates.

Our audit procedures over contributions will include:

- Inspecting that deficit funding contributions are received into the Pension Fund in accordance with the rates and adjustments schedule;
- For a risk based sample of admitted bodies we will inspect whether contributions are received into the Pension Fund on a timely basis under the requirements through vouching contributions received to bank statements;
- Develop an expectation of the normal employer and employee contributions receivable in the year reflecting changes in active members in the year, increases in pensionable salary and any changes in the contributions rates in the year and compare these to actual employer and employee contributions received in the year.

# Audit risks and our audit approach (cont.)



5

## The actuarial position of the scheme is not appropriately presented in the financial statements



### Other audit risk

- The actuarial position of the scheme is not appropriately presented in the financial statements.
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes.
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the fund's liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.



### Planned response

We will perform the following procedures:

- Understand the processes in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuary to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the Fund's actuary to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Test the data provided used within the calculation of the Fund valuation; and
- Evaluate, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.

# Other significant matters related to our audit approach



## Additional reporting

The audit is undertaken to comply with the Local Audit and Accountability Act 2014, which places additional responsibilities on auditors, as well as further requirements to report to the National Audit Office.

Our audit responsibilities under the Code of Practice in respect of the Pension Fund, are as follows:

We read any other information published alongside the London Borough of Haringey Council's financial statements to check that it is consistent with the Pension Fund's financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.

As part of our procedures on other information, we will obtain and read your pension fund annual report and climate change disclosures. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

# Mandatory communications - additional reporting




## Going concern




Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the financial statements should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

# Mandatory communications



Type	Statements
<b>Management's responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor's responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor's responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor's responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation on page 18 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement director and audit staff.</p>

# Appendix

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# Audit team and rotation

Your audit team has been drawn from our Pensions Centre of Excellence and Public Sector Audit Teams and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit director and firm.

**Tim Cutler** is the partner responsible for our audit. He will lead our audit work, attend the Pensions Committee and Board to appraise of any key audit matter and be responsible for the opinions that we issue.

**Mehul Aggarwal** is the senior manager responsible for our audit. He will attend the Pensions Committee and Board and will co-ordinate our audit work.

**M. Muhammad** is the in-charge responsible for our audit for the year. He will be responsible for our on-site fieldwork. He will complete work on more complex section of the audit.

To comply with professional standard we need to ensure that you appropriately rotate your external audit director. There are no other members of your team which we will need to consider this requirement for:

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.



This will be partner's first year as your engagement lead.

Others	Extent of planned involvement or use of work
<b>iRADAR</b>	Our in-house investment team, iRADAR, will review the valuation of the equities held to identify any potential material pricing issues.
<b>Actuarial specialist</b>	KPMG will engage Actuarial Specialist, to determine the reasonableness of the assumptions used in the valuation of the promised retirement benefits liability of the pension fund.

# Fees

## Audit fee

Our proposed fees for the year ended 31 March 2024 have been agreed with the management.

Entity	2023/24 (£'000)
Statutory audit	76.9
ISA315R / ISA240	TBC*
<b>TOTAL</b>	<b>76.9</b>

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud). Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA. The additional fees is likely to range from 5% - 10% of the scale fee and is dependent upon the level of IT control environment.

## Billing arrangements

Fees will be billed in accordance with a billing schedule agreed with the PSAA.

## Basis of fee information

In line with our standard terms and conditions the fee is based on the following assumptions:

- The Haringey Pension Fund's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit;
- Supporting schedules to figures in the accounts are supplied;
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

If there are any variations to the above plan, we will discuss them with you and agree any additional fees before costs are incurred wherever possible.

# Audit cycle & timetable

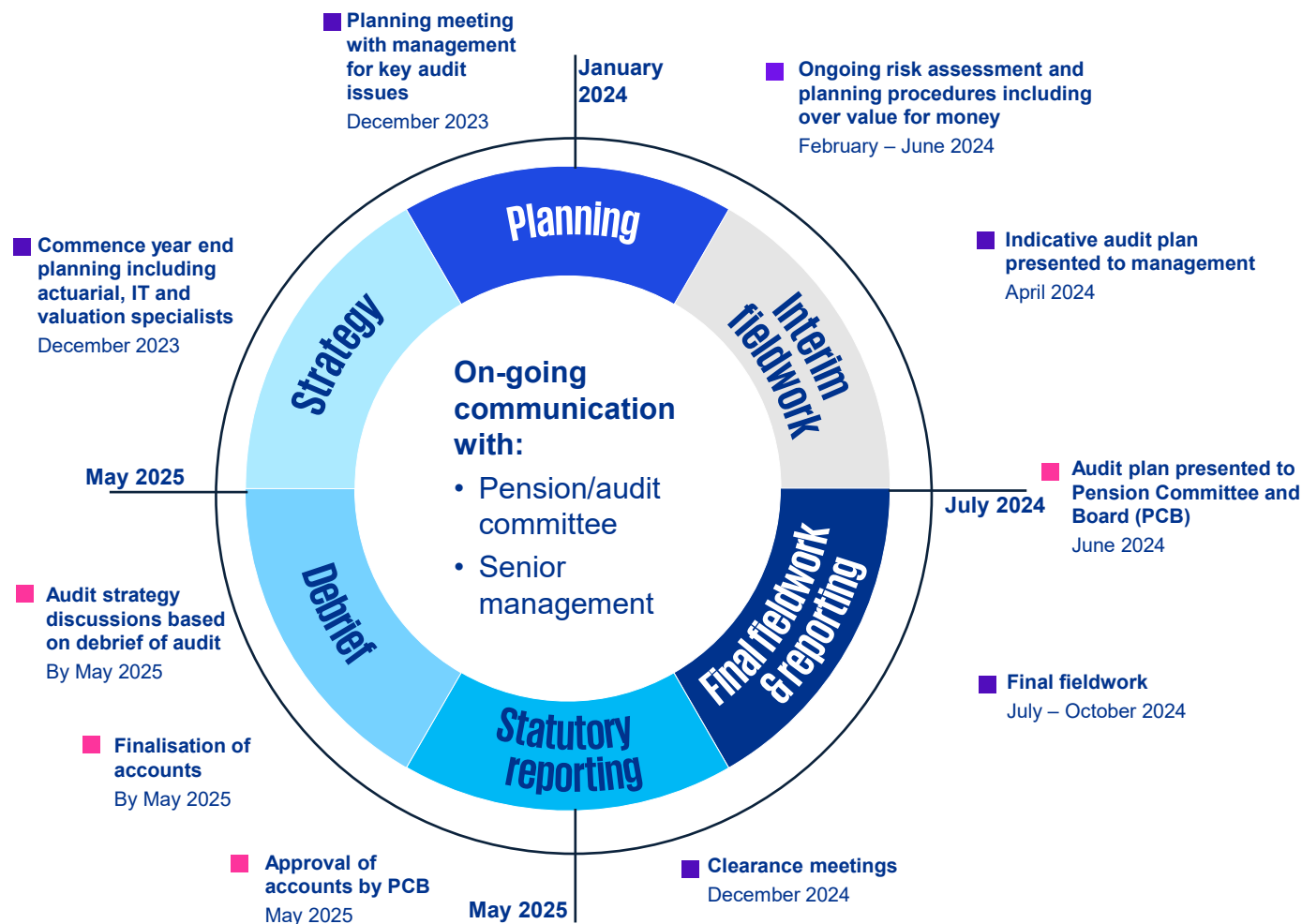
## Our schedule Dec 2023 – May 2025

We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by May 2025 as per the backstop date.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

**Given the large amount of consultation happening in regard to the scope and timing of local government this audit schedule may be subject to change.**



# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the director and audit staff is not impaired.

To the Audit Committee, Pensions Committee and Board members

## Assessment of our objectivity and independence as auditor of Haringey Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

## Independence and objectivity considerations relating to the provision of non-audit services

### Summary of non-audit services

No non-audit services have been provided to the Fund during the year ended 31 March 2024 and we have not committed to providing any such services.

We have considered the fees charged by us to the Pension Fund and its affiliates for professional services provided by us during the reporting period.

### Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

2023/24	
£'000	
Statutory audit	76.9
Other Assurance Services	0
<b>Total Fees</b>	<b>76.9</b>



# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the director and audit staff is not impaired.

## **Application of the FRC Ethical Standard 2019**

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## **Independence and objectivity considerations relating to other matters**

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee, Pensions Board and Pensions Committee.

## **Confirmation of audit independence**

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council, Pensions Board and Pensions Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

## ■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# ISA (UK) 315 Revised: Overview



## Summary

**In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.**

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

### **What impact did the revision have on audited entities?**

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

### **Implementing year 1 findings into the subsequent audit plan**

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each Pension Fund’s audit.

A key area of focus for the auditor will be understanding how the Pension Fund responded to the observations communicated to those charged with governance in the prior period.

Where a Pension Fund has responded to those observations a re-evaluation of the control environment will establish if the responses by Pension Fund management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by Pension Fund, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

### **What will this mean for our on-going audits?**

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether Pension Fund actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the Pension Fund control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

# ISA (UK) 240 Revised: changes embedded in our practices



## Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor's responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the Pension Fund and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
<b>Risk assessment procedures and related activities</b>	<p>[1] Increased focus on applying professional scepticism – the key areas affected are:</p> <ul style="list-style-type: none"><li>• the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence,</li><li>• remaining alert for indications of inauthenticity in documents and records, and</li><li>• investigating inconsistent or implausible responses to inquiries performed.</li></ul> <p>[2] Requirements to perform inquiries with individuals at the Pension Fund are expanded to include, amongst others, those who deal with allegations of fraud.</p> <p>[3] We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.</p>
<b>Internal discussions and challenge</b>	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>



# Newly effective standards [and relevant IFRIC items]

Standards	Expected impact				Effective for years beginning on or after	
	High	Moderate	Low	None	1 Jan 2023	1 Jan 2024
IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information				●	✓	
Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors			●		✓	
Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements			●		✓	
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes				●	✓	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)				●		✓
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)				●		✓

**BEPS (Base erosion and profit shifting) – also called global minimum tax, is an OECD agreement to implement to global tax framework which ensures that a minimum amount of tax is paid around the world.**

UK tax law implementing the OECD treaty expected to be issued later in 2023 with an effective date of 1st January 2024. IASB issued ED IAS 12 *International Tax Reform – Pillar Two Model Rules – Proposed amendments to IAS 12 income taxes* to provide a temporary exception from the recognition of deferred taxes arising from BEPS – Pillar two as well as proposes additional disclosures. Currently we would only expect qualitative disclosures about the impact of BEPS on the group and the progress the group has made in identifying any quantitative effects.



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**Document Classification: KPMG Public**

**Report for:** Pensions Committee and Board – 25 July 2024

**Item number:**

**Title:** Pensions Administration Strategy

**Report**

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

**Lead Officer:** Tim Mpofu, Head of Pensions and Treasury

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**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, following consultation with scheme employers and seeks approval of that strategy. This revised strategy 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 approve the revised draft Pension Fund Administration Strategy which has been included as Appendix 1 of this report, following consultation with scheme employers.

## **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 a written statement outlining the pension fund's 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 its 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.

### **Outcome of scheme employer consultation**

- 6.3. In accordance with regulation 59, section (4) of the 2013 LGPS regulations an administering authority must consult its Scheme employers and such other persons as it considers appropriate when reviewing and making revisions to its pension administration strategy.
- 6.4. Following the proposed revisions to the administration strategy presented to the PCB, a consultation commenced on 14<sup>th</sup> May 2024 and was open for one month. During this period officers invited comments from the scheme employers.
- 6.5. The consultation concluded with no noteworthy comments from the scheme employers. Therefore, the proposed revisions remain unchanged. A final draft version of the administration strategy has been prepared and is included as appendix 1 to this report.

### **Summary of revisions**

- 6.6. 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.
- 6.7. The Strategy emphasises accountability, understanding of roles, data protection, and continuous improvement. This strategy is effective from 1<sup>st</sup> April 2024 and will be reviewed every three years or as required by regulatory changes.

- 6.8. The key change included in the revised Strategy is the update of the Pensions Administration 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.
- 6.9. Table 1 provides a summary of the relevant 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

## 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.

- 8.3. Under Regulation 59 of The Local Government Pension Scheme Regulations 2013 the Council as administering authority may 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 of Scheme employers, the PCB is now being asked to approve 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.

# Pensions 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](mailto:pensions.mailbox@haringey.gov.uk)

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## 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.

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## 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.

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## **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 the 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 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](http://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.



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## 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.

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**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 the 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 every 3 years 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 auditor's 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 rules	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 to 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 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	Annually following the financial year end.

## 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 2 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**

<b>Function</b>	<b>Requirement</b>
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**

<b>Function</b>	<b>Requirement</b>
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

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Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
Arrange for the deduction of Additional Voluntary Contributions (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 – 25 July 2024

**Item number:**

**Title:** Pensions Administration Update

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

**Lead Officers:** Tim Mpofu, Head of Pensions & Treasury  
Jamie Abbott, Pensions Manager  
020 8489 3824  
[Jamie.Abbott@haringey.gov.uk](mailto:Jamie.Abbott@haringey.gov.uk)

**Ward(s) affected:** N/A

**Report for Key/**

**Non Key Decision:** Not applicable

## **1. Describe the issue under consideration**

- 1.1. This report provides the Pensions Committee and Board (PCB) with the following updates regarding Pension Fund's administration activities:
- a. Pension Fund membership update
  - b. Online Member Self Service portal update
  - c. Update on Service Level Agreement (SLA) statistics
  - d. Approval of new admission agreements

## **2. Cabinet Member Introduction**

- 2.1. Not applicable

## **3. Recommendations**

The Pensions Committee and Board is recommended:

- 3.1. To note this report and the information provided in sections 6.1 to 6.8 regarding the Pension Fund's administration activities for the quarter ending 31 March 2024.
- 3.2. To note and approve the admission of the entities listed in section 6.11 of this report, as new employers participating in the Haringey Local Government Pension Scheme.

## **4. Reason for Decision**

- 4.1. Not applicable.

## **5. Other options considered**

- 5.1. Not applicable.

## 6. Background information

### Membership Update

- 6.1. Employees working for an employer that participates in the Local Government Pension Scheme (LGPS) are eligible for membership in the scheme. Membership in the LGPS is voluntary, and members are free to choose whether to continue participating in the scheme or to make personal arrangements outside of it.
- 6.2. Table 1 provides a breakdown of Haringey Pension Fund's (the Fund) membership on 31 March 2024.

**Table 1: Pension Fund Membership**

Member status	30 Jun 23	30 Sep 23	31 Dec 23	31 Mar 24
Active members	6,244	6,188	6,223	6,300
Pensioner members	8,684	8,742	8,860	8,906
Deferred members	11,157	11,306	11,137	10,973
<b>Total scheme members</b>	<b>26,177</b>	<b>26,085</b>	<b>26,236</b>	<b>26,179</b>

### Online Member Self Service Portal Update

- 6.3. The Haringey Member Self Service (MSS) portal is a website where members can register an account to view/edit their personal information as well as run their own retirement estimates.
- 6.4. Table 2 provides a breakdown of the number of active members registered for the Haringey Pension Fund's MSS as at 31 March 2024.

**Table 2: Proportion of Active Members Registered on Member Self Service Portal**

Member Self Service	30 Jun 23	30 Sep 23	31 Dec 23	31 Mar 24
Total active scheme members	6,244	6,188	6,223	6,300
Total active member registrations on MSS	1,087	1,232	1,311	1,459
<b>Proportion of registered active members</b>	<b>17.4%</b>	<b>19.91%</b>	<b>21.06%</b>	<b>23.16%</b>

- 6.5. Table 3 provides a breakdown of the number of members who have accessed the MSS portal over the past 7 days, 30 days, 2 months, and 3 months periods. This table is provided for information purposes only. The frequency at which members access the MSS depends on individual circumstances. Individuals will have different reasons for needing access to their pension information.

**Table 3: Member Self Service Access**

Period last accessed	No. of Members*
Last 7 days	38
Last 30 days	192
Last 2 months	311
Last 3 months	413

\* The above figures are shown on a cumulative basis

### Update on Service Level Agreement (SLA) statistics

- 6.6. The Pension Fund's Service Level Agreement (SLA) sets out the agreed timeframes for the pensions administration team to process the various case work related to the pension scheme. This includes activities related to processing member retirement benefits, and transfers in and out of Haringey LGPS.
- 6.7. The agreed turnaround time varies depending on the type of case and these targets can be found in the Fund's Administration Strategy document which was recently updated to align with the CIPFA standard Key Performance Indicators (KPIs).
- 6.8. Table 4 includes the current SLA statistics for the period ending 31 March 2024.

**Table 4: Key Performance Indicators**

Process	Cases completed	SLA Days to complete	% Completed within SLA
Deaths notifying amount of dependents benefits	255	10	93%
Estimates	151	15	88%
Retirement quote	574	15	92%
Retirement Actual	430	10	97%
Deferment of records	595	30	98%
Refund quote	382	30	87%
Refund actual	90	10	94%
Transfer in Quote	190	20	68%
Transfer in Actual	166	20	77%
Transfer Out Quote	203	20	72%
Transfer Out Actual	233	20	68%
Divorce Quote	10	30	90%
Actual payment of retirement lump sum	284	10	87%

### Approval of new admission agreements

- 6.9. An admission agreement is a way for an external service provider to join the Local Government Pension Scheme (LGPS). This usually happens when a service provider takes over a service that was previously provided by the Council or a school and is therefore required to offer the LGPS to existing employees.
- 6.10. The Admission agreements to be entered into are closed whereby only members employed at the time of transfer can remain within the Haringey Pension Fund.
- 6.11. Table 5 lists the entities that have been awarded contracts to provide catering and cleaning services to the relevant schools.

**Table 5: List of New Admission Agreements**

<b>Admission Body</b>	<b>Service Contract</b>	<b>No. of Staff</b>
KGB Cleaning Ltd	Cleaning services for St. Francis de Sales RC Junior School	4
Accent Catering	Catering services for Rokesly Junior School	2
Lunchtime Co	Catering services for The Mulberry Primary School	4
Lunchtime Co	Catering services for North Haringey School	1
Lunchtime Co	Catering services for Risley Avenue Primary School	1
Ashley Cleaning Services Ltd	Cleaning services for Tiverton Primary School	2
Caterlink	Catering services for Duke's Aldridge Academy	2
ISS Mediclean	Cleaning services for West Green Primary School	2
Pendergate Ltd T/A	Cleaning services for Noel Park Primary School	1

**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. Not applicable.

Assistant Director for Legal and Governance [Patrick Uzice, Principal Lawyer]

9.2. Assistant Director for Legal and Governance (Monitoring Officer) has been consulted on the content of this report.

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

9.4. The entities listed in section 6.11 of this reports are bodies that are providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of service or assets by means of a contract or other arrangement. These entities have entered into service contracts to provide cleaning or catering services on behalf of the schools participating in Haringey LGPS, and the administering authority may enter into the Admission Agreements pursuant to Schedule 2 of The Local Government Pension Scheme Regulations 2013.



Equalities

- 9.5. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. The report's content has no direct impact on equality issues.

**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 – 25 July 2024

**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](mailto:Tim.Mpofu@haringey.gov.uk)

Jamie Abbott, Pensions Manager

[Jamie.Abbott@haringey.gov.uk](mailto: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 1.

**Table 1: Key Risks**

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
<b>ACC1 – Delay of publication of Statement of Accounts</b>		<p>Haringey Council has published unaudited accounts for the years 2020/21 – 2022/23.</p> <p>The deadline to publish the 2023/24 unaudited accounts was 31 May 2024 with the deadline of 30 September 2024 for the completion of the audit. The draft accounts were published on 28 June 2024 and the external audit by KPMG is due to take place during July and August 2024.</p>	<p>This issue has been identified as a national issue.</p> <p>In response to the significant outstanding historical audit opinions across the sector, the Department for Levelling Up, Housing and Communities (DLUHC) has undertaken consultation on how this issue is addressed.</p> <p>As part of this, they are considering changing the date for publishing the 2023/24 audited accounts to 31 May 2025 (previously 30 September 2024).</p>
<b>INV13 – High inflation</b>		Inflation has remained elevated above the Bank	The Fund has several investment mandates in

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		<p>of England's target for longer than initially anticipated. This increases both investment and funding risk for the Pension Fund.</p> <p>The current Consumer Price Index (CPI) inflation has now returned to the Bank of England's target rate of 2%.</p>	<p>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>
<b>INV2 – Increasing risk of a market downturn</b>		<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.</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 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><b>Treat</b></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	30/06/2024
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><b>Treat</b></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	30/06/2024
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><b>Tolerate</b></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	30/06/2024
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><b>Tolerate</b></p> <p>1) Not further actions identified at this stage</p>	2	6	30/06/2024

## 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><b>Treat</b></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	30/06/2024
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><b>Tolerate</b></p> <p>1) Not further actions identified at this stage</p>	1	4	30/06/2024



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 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 2.0%. Inflation has remained elevated for longer than initially anticipated, although it has now reach the Bank of England's target	12
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.	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
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

London Borough of Haringey Pension Fund Risk Register			
Accounting			
Risk Ref	Risk Group	Risk Description	Risk Score
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 insuffiicient 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 6.9% in September 2023.	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
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

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

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**Report for:** Pensions Committee and Board – 25 July 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](mailto: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.

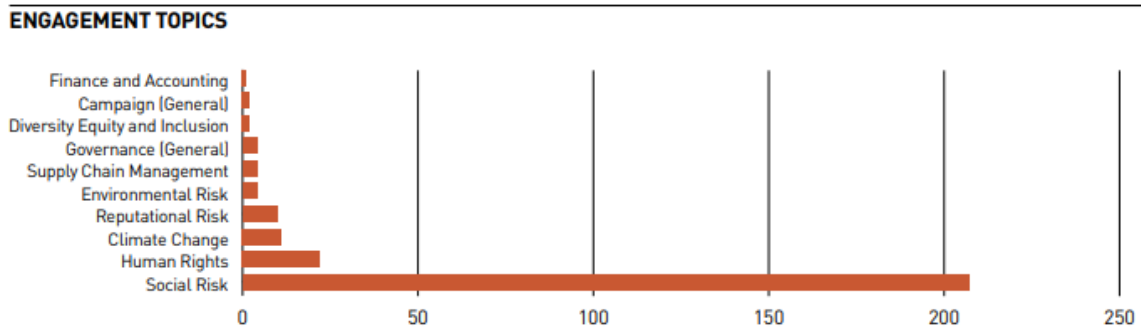
## **6. Background information**

- 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 March 2024, LAPFF engaged with 148 companies domiciled across 10 jurisdictions. Most of this engagement was in the form of correspondence sent to several companies across the UK largely on human rights and social issues.

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



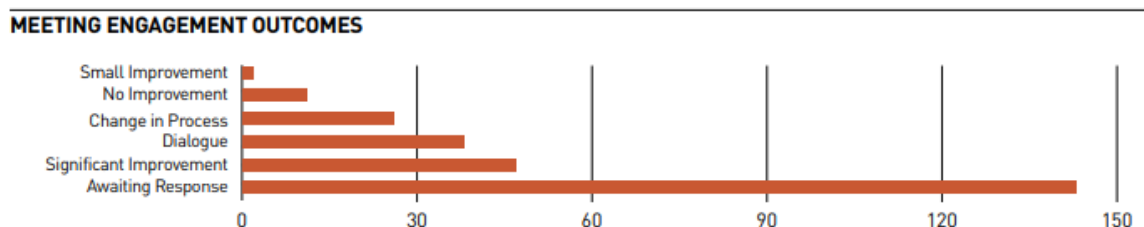
### Voting Alerts

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
Apple	Several resolutions including resolutions on executive compensation	Oppose	Oppose	For (92%)

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



## 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 – 25 July 2024

**Item number:**

**Title:** Responsible Investment Policy Development 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](mailto: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 report presents the Responsible Investment (RI) Policy development plan for the Pensions Committee and Board's consideration.

**2. Cabinet Member Introduction**

2.1. Not applicable

**3. Recommendations**

The Pensions Committee and Board is recommended:

3.1. To note and provide any comments on the proposed Responsible Investment Policy development plan including the programme timeline.

**4. Reason for Decision**

4.1. Not applicable.

**5. Other options considered**

5.1. Not applicable.

**6. Background information**

6.1. According to the Local Government Pension Scheme (LGPS) Regulations, a Fund's primary investment objective is to ensure that assets are sufficient to meet current and future pension liabilities.

6.2. In line with this requirement, in January 2024, the Pensions Committee and Board (PCB) approved a revised version of the Investment Strategy Statement (ISS) after reviewing its investment strategy, following the completion of the 2022 actuarial valuation exercise.

6.3. As a key outcome of this review, the PCB agreed to develop a standalone Responsible Investment (RI) Policy. This policy aims to establish the Pension

Fund's approach to integrating environmental, social and governance considerations into the investment process.

- 6.4. An RI policy is supplementary to the ISS. Therefore, any established policy must be complementary to the approved ISS and investible.
- 6.5. The Pension Fund has appointed bfinance, a specialist investment consultancy, to support in the development of this RI Policy. As part of this initial programme planning, the following outcomes have been identified:
- To establish the Fund's responsible investment beliefs
  - To develop a framework and approach to addressing ESG issues across asset classes
  - To ensure that the RI policy is implementable and practical, considering regulations and the impact on stakeholders
  - To develop a governance framework for holding appointed investment managers accountable based on set ESG criteria and objectives

### **Responsible Investment Policy Development Programme Timeline**

- 6.6. The anticipated high-level RI policy development programme timeline is shown in the table below. This timeline is indicative and may change during the programme.

<b>Activity</b>	<b>Description</b>	<b>Key Dates</b>	<b>Progress Update</b>
<b>Introductory session</b>	An outline of the project plan and expected outcomes	July 2024	Completed
<b>Workshop 1 – Educational Session on ESG</b>	An introduction to ESG including a responsible investment beliefs questionnaire	September 2024	Initial stages of development
<b>Workshop 2 – Outcomes of Questionnaire</b>	A session on the outcomes of the beliefs questionnaire to agree RI priorities for the fund.	October 2024	Initial stages of development
<b>Workshop 3 – Fund “Health Check” Session</b>	A session to assess the RI credentials of the current portfolio including advice on suggested ESG KPIs and engagement framework.	January 2025	Initial stages of development
<b>Drafting of RI Policy</b>	Officers, with the support of advisors to draft RI policy based on output from workshops	February 2025	Initial stages of development
<b>Approval of RI Policy</b>	PCB to approve RI policy including an action plan to achieve the identified goals and targets	March 2025	Initial stages of development

## **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. The responsible investment policy must comply with the statutory requirements for what must be included in the Investment Strategy as set out in Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

### 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 – 25 July 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](mailto: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 and provide any comments on the progress made towards the agreed key priorities outlined in section 6 of this report, specifically in regarding the responsible investment policy development 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 administration, investments, and accounting over the next few months, is included as Appendix 1 of this paper.

### Key Priorities Identified

- 6.3. One of the key priority areas identified during the most recent investment strategy review was the Fund's approach to integrating Environmental, Social and Governance considerations as part of the investment process. In addition to this, a review of the Fund's governance has also been identified as a key priority area.
- 6.4. 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
<b>Agree any changes to ISS</b>	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 was fully implemented by 31 March 2024.	November 2023 – March 2024	Completed
<b>Setting responsible investment objectives</b>	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 – March 2025	In progress
<b>Fund governance review</b>	Following the publication of the revised Code of Practice issued by the Pensions Regulator, the Fund plans to undertake a fund governance review.	June 2024 – December 2024	In progress
<b>Investment opportunities review</b>	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 – March 2025	Initial stages of development

### Knowledge and Skills

- 6.5. 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.



- 6.6. 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 ESG issues.
- 8.2. The PCB is currently developing the Fund's responsible investment policy, which will establish a framework for addressing ESG issues across asset classes. This will include the 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.

### 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.

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**Report for:** Pensions Committee and Board – 25 July 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](mailto: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 March 2024:
- a. Overview of fund performance including funding position update
  - b. Independent advisor's market commentary
  - c. Investment manager performance
  - d. Asset allocation
  - e. Market outlook

## **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 March 2024.

## **4. Reason for Decision**

- 4.1. Not applicable.

## **5. Alternative options considered**

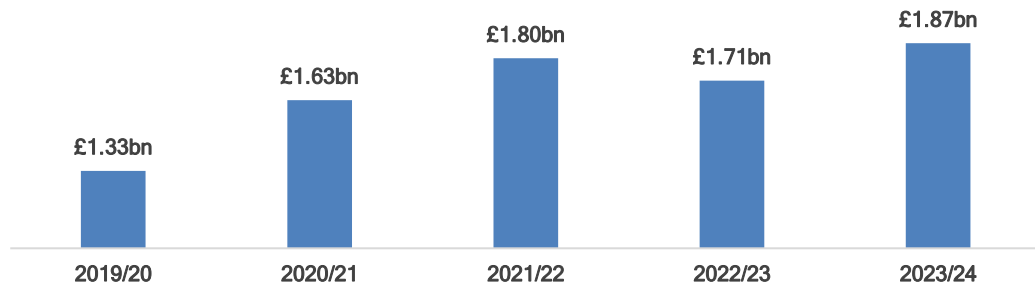
- 5.1. Not applicable.

## **6. Background information**

### Overview of Fund Performance

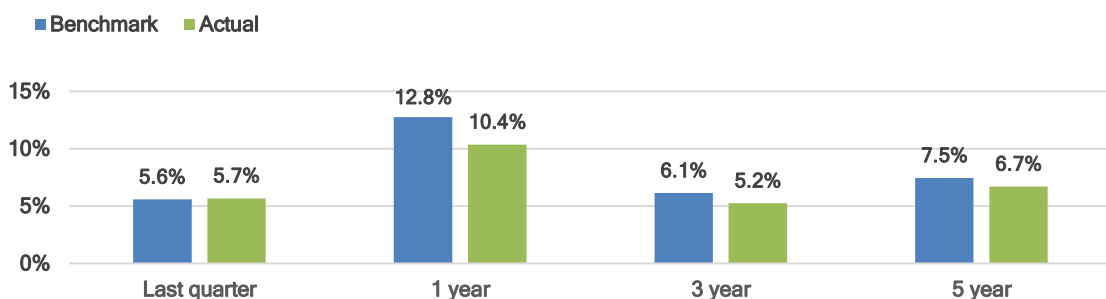
- 6.1. The Fund's investment portfolio on 31 March 2024 was £1.868bn, representing a 5.68% increase over the quarter. Chart 1 shows the growth in investment assets over the past 5 years.

Chart 1: Fund assets over the past 5 years



- 6.2. Chart 2 shows the Fund's investment performance over various time periods relative to its overall strategic benchmark.

Chart 2: Fund Investment Performance



Source: Northern Trust, Haringey Pension Fund Strategy Report, 31 March 2024

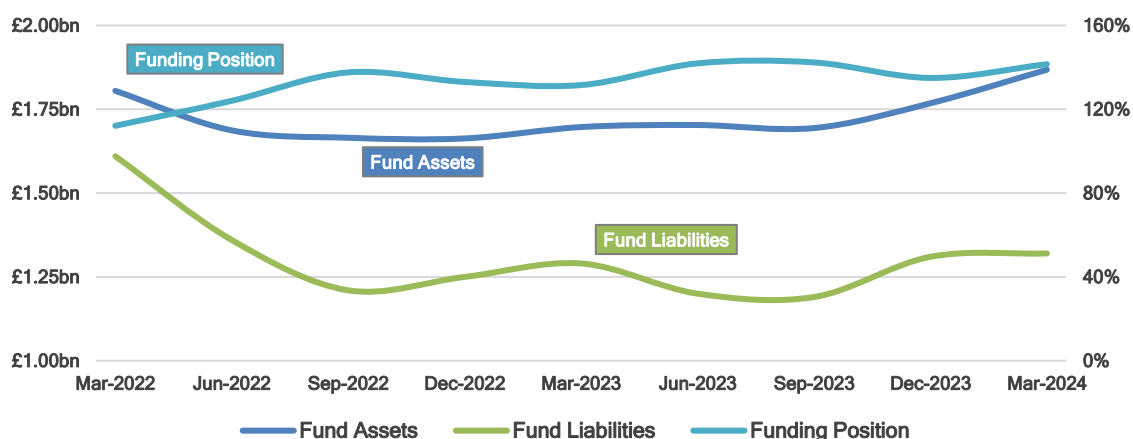
- 6.3. The Fund slightly outperformed the benchmark over the quarter. However, despite positive returns, it has underperformed the strategic benchmark over longer time periods.

### Funding position update

- 6.4. The Fund monitors its funding level each quarter. This is the ratio of the market value of assets to the projected future benefit payments, also known as fund liabilities.
- 6.5. The funding level as at 31 March 2022 was 113%, based on a discount rate of 4.3%. 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.
- 6.6. Hymans Robertson, the Fund Actuary, regularly calculates an indicative funding position update using the latest actuarial assumptions. A detailed breakdown of the Fund's funding position has been included as Confidential Appendix 3 to this report.

- 6.7. On 31 March 2024, the updated estimated funding level position was 140%. Chart 3 shows the assets and liabilities that comprise the funding level since 31 March 2022.

**Chart 3: Fund Assets Compared to Fund Liabilities**



- 6.8. Fund assets have remained relatively stable since the last valuation. However, the present value of future liabilities has decreased significantly, resulting in a notable improvement in the funding level. This decrease is largely due to increases in interest rates, which have raised the expected return of assets included in the Fund's strategic asset allocation.

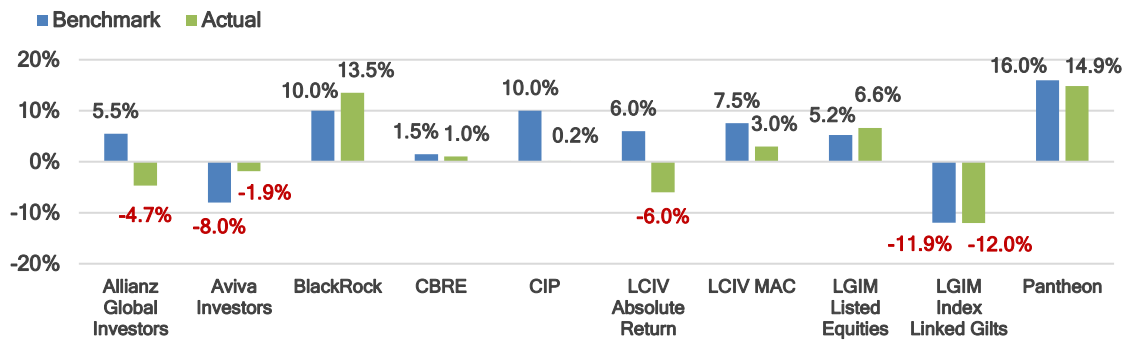
### Market Commentary

- 6.9. Global equities experienced significant gains in Q1 2024, driven by expectations of interest rate cuts, strong US economic data, positive corporate earnings, and optimism about artificial intelligence. The MSCI World Index rose 9%, with the S&P500 up over 10%. Eurozone shares also performed well, gaining over 10%.
- 6.10. Despite inflation concerns, central banks in the US, Eurozone, and Japan maintained interest rates but hinted at future cuts. The Bank of England also maintained its bank rate at 5.25%; however, to date, there is no clear direction from the Bank regarding the pace of any future interest rate cuts.
- 6.11. A detailed market commentary for the quarter ending 31 March 2024, has been prepared by the Fund's Independent Advisor and is included as Appendix 1 to this paper.

### Investment Performance

- 6.12. The Fund's investment assets are managed to meet its liabilities over the medium to long term. Therefore, the performance of the appointed investment managers is assessed over these time periods.
- 6.13. A detailed breakdown of the investment performance of the Fund's public markets mandates for the quarter ending 31 March 2024 has been prepared by the Fund's investment consultant, Mercer. This has been included as Confidential Appendix 2 to this report.
- 6.14. Chart 4 shows the individual investment performance for each investment manager measured over the rolling three-year period.

Chart 4: Investment Manager Performance Over Rolling 3yr Period



Source: Northern Trust, Haringey Pension Fund Strategy Report, 31 March 2024

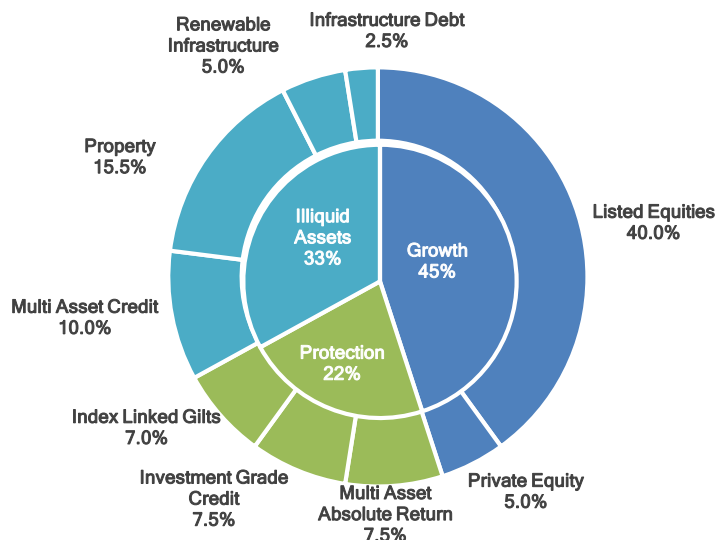
6.15. The following funds have not been included in Chart 4 as the Fund has been invested in them for less than 3 years:

- LCIV Renewable Infrastructure Fund
- London Fund
- LCIV Buy and Maintain

### Asset Allocation

6.16. The Fund has set a strategic asset allocation benchmark aimed at balancing long-term returns with risk, considering the nature of the Fund's liabilities and prevailing market factors. The Fund's strategic asset allocation is shown in Chart 5.

Chart 5: Strategic Asset Allocation



6.17. At the PCB meeting held on 30 January 2024, the PCB agreed to revise its strategic asset allocation following a review of the Fund's investment strategy. The decision was to introduce an allocation to investment grade credit by reducing the allocation to listed equities. This change was fully implemented by 31 March 2024.

6.18. The Fund's current asset allocation, compared to the strategic asset allocation is shown in Table 1.

**Table 1: Current strategic asset allocation**

Asset	Mar-24 £m	Strategic Asset Allocation	Current Asset Allocation	Variance	Allowable Ranges
Listed equity	837	40.0%	44.8%	4.8%	+/- 5.0%
Diversified alternatives	538	30.0%	28.8%	(1.2%)	+/- 10.0%
Property	207	15.5%	14.7%	0.2%	+/- 10.0%
Defensive	274	14.5%	11.1%	(4.4%)	+/- 5.0%
Cash	12	0.0%	0.6%	0.6%	
<b>Total</b>	<b>1,868</b>				

6.19. As of 31 March 2024, all asset classes were within the acceptable ranges. Therefore, no rebalancing is required at this stage.

### **Investments with the pool**

6.20. 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 March 2024, the Fund had approximately 78% of its assets invested with the pool, with approximately 25% invested in funds managed directly by the pooling company.

## **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 Jan-Mar 24
- 10.2. Confidential Appendix 2: Manager Monitoring Report: Liquid Assets
- 10.3. Confidential Appendix 3: Funding Position Update March 2024

**11. Local Government (Access to Information) Act 1985**

- 11.1. Not applicable.



## JOHN RAISIN FINANCIAL SERVICES LIMITED

### Independent Advisors Report

#### Market Commentary January to March 2024

World Equity markets experienced another very positive Quarter with the MSCI World Index gaining 9% (in US \$ terms) over the January to March 2024 period. Clearly positive influences were continued expectations of interest rate cuts by Central Banks (particularly the US Federal Reserve and European Central Bank), data releases indicating strength in the US economy, positive corporate earnings in the United States (for example from the “mega stock” chipmaker Nvidia), and market positivity about artificial intelligence (as exemplified by Nvidia and Meta Platforms). United States Equities had a very successful Quarter with the S&P 500 advancing by over 10%. After 34 years the Japanese Nikkei 225 Index finally exceeded the record closing high of 38,916 set on 29 December 1989. Indeed, Japanese Equities experienced an exceptional Quarter with the Nikkei 225 advancing by over 20% during the January to March 2024 Quarter to close at 40,369 on 29 March.

In the United States the S&P 500 Index achieved 22 new record closing highs during the Quarter exceeding both the 5,100 and 5,200 level for the first time and closing at a record 5,254 on 28 March 2024. Over the Quarter the Index advanced by over 10%. While there were widespread gains across the S&P 500 Index with approaching three quarters of the stocks in the index gaining over the Quarter the influence of a handful of “mega stocks” was (again) clearly apparent. Four stocks (Nvidia, Microsoft, Meta Platforms and Amazon) which accounted for 18% of the market weight of the S&P 500 Index provided 47% of the Quarterly total return of the index.

US stocks were boosted by positive corporate earnings announcements as well as generally positive economic data – for example in terms of GDP releases from the US Bureau of Economic Analysis, employment/unemployment data, and positive consumer sentiment which according to the respected University of Michigan “surveys of consumers” surged in January 2024 and then held for the remainder of the Quarter at a level around 25% higher than at November 2023. Market positivity regarding artificial intelligence also drove stock markets in the US and beyond higher. For example, on 21 February Nvidia announced better than anticipated earnings and in a statement its Chief Executive Officer Jensen Huang said that *“Accelerated computing and generative AI have hit the tipping point. Demand is surging worldwide across companies industries and nations.”* This resulted in not only the US but also European and Japanese stock markets posting significant immediate gains. Market expectations regarding interest rate reductions also continued to drive financial market positivity with markets anticipating at least three cuts by the Federal Reserve during 2024.

The Core PCE (Personal Consumption Expenditures) Index which is closely observed by the US Federal Reserve when determining monetary policy continued to be clearly above the target of 2% but further reduced, very slightly, from 2.9% in December 2023 to 2.8% in February 2024 as announced by the US Bureau of Economic Analysis (BEA) on 29 March 2024.

At both the meetings of the US Federal Reserve Federal Open Markets Committee (FOMC) held on 30-31 January and 19-20 March the target range for the Federal Funds Rate (the benchmark interest rate) was held at 5.25-5.5%. Projections issued at the end of the March 2024 meeting indicated (as they had after the December 2023 meeting) that FOMC participants anticipated (three) rate cuts totalling 0.75% in 2024. However, it should be noted that neither the extent nor timing of rate cuts is in any way guaranteed. The US Federal Reserve explicitly stated in both the Press Release issued after the January 2024 and March 2024 FOMC meetings that *“In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent.”*

Eurozone shares also advanced strongly in the January to March 2024 Quarter with the MSCI EMU Index gaining over 10% (in Euro terms). As in the United States positive corporate earnings results and expectations of (some) future interest rate reductions (by the European Central Bank and US Federal Reserve) boosted stock markets. The information technology sector was particularly positive based on corporate earnings which also buoyed expectations of future growth.

At its meetings held on 25 January 2024 and 7 March 2024 the Governing Council of the European Central Bank again (as in October and December 2023) kept interest rates *“unchanged.”* As with the US Federal Reserve the European Bank was clear that changes to interest rates will be driven by data. On 25 January 2024 at the Press Conference following the meeting of the Governing Council the President, Christine Lagarde, stated in response to a question that *“One other thing which was very much the consensus around the table was that we had to continue to be data-dependent. So rather than being fixated on any kind of particular calendar, which would be being date-dependent, we reaffirmed our data dependency.”* However, markets continued to anticipate interest rate reductions in 2024. Despite carefully nuanced comments, by Christine Lagarde at her 7 March 2024 Press Conference, in response to a question regarding future interest rates her comments including that *“we are on this disinflationary process... and we are making good progress towards our inflation target. And we are more confident as a result. But we are not sufficiently confident, and we clearly need more evidence, more data. We know that this data will come in the next few months. We will know a little more in April, but we will know a lot more in June”* were taken by some market commentators as a signal of a June 2024 interest rate cut.

Reported UK inflation fell over the Quarter. While CPI inflation for December 2023 (reported in January 2024) rose by 4.0%, up from 3.9% in November, and remained at 4.0% for January 2024, the Office for National Statistics reported (on 20 March 2024) that CPI for February was 3.4%. The February CPI was the lowest since September 2021 and slightly lower than market expectations.

The Bank of England Monetary Policy Committee (MPC) maintained Bank Rate (interest rates) at 5.25% at both the meeting ending on 31 January 2024 and the meeting ending on 20 March 2024. There was however no clear direction from the Bank regarding the pace of any future interest rate cuts. UK stocks advanced during the January to March 2024 Quarter, but as in the previous Quarter by less than US and Eurozone stocks. The FTSE All Share Index returned 3.6% over the January to March 2024 period.

Japanese equities had an outstanding Quarter with the Nikkei 225 Index gaining over 20% during the Quarter. Furthermore, the Nikkei 225 finally exceeded its record closing high of 38,916 set over 34 years earlier on 29 December 1989, and then ended the Quarter on 29 March 2024 at 40,369. A number of factors contributed to the success of Japanese equities over the Quarter. Japanese corporate earnings were positive with a weak Yen also contributing to the profits of export orientated companies. The optimism over artificial intelligence boosted companies involved in the semiconductor sector. Additionally, both Japanese and overseas investors have been increasing their exposure to Japanese shares with the former encouraged by a new government subsidised savings scheme and the latter by an improved approach to corporate governance and Japanese economic prospects compared to China.

Japanese inflation which had been 2.6% in December 2023 was 2.2% in January 2024, 2.8% in February and 2.7% in March. This provided further evidence that Japan has genuinely exited its prolonged period of deflation/extremely low inflation with price increases exceeding the Bank of Japan's 2% target since April 2022.

From April 2023 following the appointment of Kazuo Ueda as Governor of the Bank of Japan there had been some, but limited, softening of the Bank of Japan's longstanding and ultra loose monetary policy approach. However, at the meeting of the Policy Board of the Bank of Japan which concluded on 19 March 2024 there was a historic change whereby the policy of negative interest rates (to control the short term rate) and yield curve control (to control longer term rates) were both abandoned. The statement issued after the meeting began with an explanation and justification of this hugely symbolic policy change *"... the Policy Board of the Bank of Japan assessed the virtuous cycle between wages and prices, and judged it came in sight that the price stability target of 2 percent would be achieved in a sustainable and stable manner... The Bank considers that the policy framework...with Yield Curve Control and the negative interest rate policy to date have fulfilled their roles. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, guiding the short-term interest rate as a primary policy tool... Given the current outlook for economic activity and prices, the Bank anticipates that accommodative financial conditions will be maintained for the time being."* The short term interest rate was increased from minus 0.1% to *"at around 0 to 0.1 percent."* The Bank had applied short term negative interest rates and yield curve control since 2016 and had not raised (short term) interest rates since 2007.

In monetary policy terms the Bank of Japan's decisions were both historic and hugely symbolic. In particular the Bank finally came to the view that Japan's longstanding battle with deflation and ultra low inflation was ended (for now) and that the target of 2% inflation would be achieved in a sustainable and stable manner. Additionally, the Bank abandoned unconventional instruments (negative short term interest rates and Bond yield control) in favour of short term interest rate policy *"as a primary policy tool."*

However, the announcement certainly did not signal a significant tightening of Japanese monetary policy as the Bank clearly signalled that rapid interest rate rises should not be anticipated stating that *"the Bank anticipates that accommodative financial conditions will be maintained for the time being."* After the meeting Governor Kazuo Ueda also clearly indicated that interest rates would not rise rapidly given the need to further consolidate Japanese inflation at the 2% target. Furthermore, although Yield curve control was abandoned the Bank of Japan will continue with its policy of purchasing Japanese Government Bonds with the aim (as stated in "The Summary of Opinions" issued on 28 March 2024) *"of avoiding rapid fluctuations in long-term interest rates."*

Additionally, this change in approach to monetary policy by the Bank of Japan cannot address the structural issues in Japan including an ageing and declining population, low consumer demand, high public debt, and low economic growth all of which remain and act as a counter to inflation at the Bank of Japan's target of 2%. Therefore, a serious question must surely remain as to the long term sustainability of inflation at the 2% target and consequently a policy of long term moderate interest rate rises and the future long term avoidance of "unconventional" monetary policy instruments.

Asian Markets (excluding Japan) and Emerging Markets advanced but clearly underperformed Developed markets. The MSCI AC Asia (excluding Japan) and the MSCI Emerging Markets indices both gained but by less than 3% (in US\$ terms) over the Quarter. Chinese stocks gained but by less than the major regional indices in the context of ongoing concerns regarding the Chinese economy (despite some stimulus measures by the Chinese authorities), and continuing strains in US-Chinese relations. Taiwan, a huge semiconductor manufacturer, however, performed exceptionally well returning over 13% supported by expectations in relation to artificial intelligence and technology companies.

The Quarter was negative for benchmark Government Bonds (US, UK, and Germany) with yields rising (and therefore prices falling) across all of the 2, 10 and 30 year yields. For example, the yield on the 10 year US Treasury rose from 3.88% to 4.20%, that on the 10 year Gilt from 3.54% to 3.93%, and that on the 10 year Bund from 2.02% to 2.30%. Concerns over the future extent/speed of downward inflation, together with the generally cautionary approaches to interest rate reductions expressed by the US Federal Reserve and European Central Bank surely weighed against the Benchmark Government Bonds. Overall Corporate Bonds in the US, UK and Eurozone also experienced a negative Quarter but less so than Government Bonds.

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