

MINUTES OF THE MEETING Pensions Committee and Board HELD ON Monday, 30th September, 2024, 7:00 - 8:30

PRESENT:

Councillors: George Dunstall (Chair), John Bevan (Vice-Chair), Nick da Costa, Tammy Hymas, Thayahlan Iyngkaran, Matt White, Ishmael Owarish, Keith Brown, Pattinson, Raisin (Advisor) and Steve Turner (Advisor)

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 for absence received from Randy Plowright.

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

There were none received.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

On 3 September 2024, all members attended a training session entitled “An Introduction to ESG” as part of the Responsible Investment Policy development work. The training was delivered by bfinance.

7. MINUTES

RESOLVED:

That the minutes of the meeting held on 25th July 2024 be confirmed and signed as a correct record.

8. LGPS UPDATE

Tim Mpofu, Head of Pensions and Treasury introduced this report. This report provided the Pensions Committee and Board (PCB) with an update on several important issues related to the Local Government Pension Scheme (LGPS) at a national level. The Pension Fund's Independent Advisor, John Raisin summarised his paper which was included as Appendix 1 to this report.

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

- John Raisin noted that some councils chose their actuaries, thus used different assessments of lifespan; the government were seeking a common standard. He also noted that actuaries were acting within guidance and not acting improperly. The council may use different assumptions, but these were all within the guidelines.
- Cllr White raised concerns around the prospect that the LGPS would be used as a sovereign wealth fund to get growth in the economy. The LGPS was well funded, with the average fund being at 107%. The real concern would be anything that diverted LGPS funds. It was important to think about how to minimise and mitigate the pressures that were on employers.
- Cllr Dunstall queried ESG activities and what this would look like. John Raisin explained this would not be particularly burdensome. He noted that the Government might be surprised at how much UK investment there was by the LGPS.

RESOLVED

This report was noted.

9. HARINGEY PENSION FUND DRAFT ANNUAL REPORT 2023/24

Taryn Eves introduced this report. This report presented the Haringey Pension Fund Annual Report and unaudited accounts for 2023/24 to the Pensions Committee and Board for approval.

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

- Cllr Bevan noted that this was a comprehensive report, he requested that the investors and staff admin fees be reported collectively as a percentage figure of the overall fund. Taryn Eves explained that the team would look at how best to provide this figure to the committee and would look to share this at a future meeting. Cllr Bevan noted that members had been previously informed that the investment fees disclosed in the annual report contained some hidden fees. He queried whether this issue had been resolved. Tim Mpofu explained that the Scheme Advisory Board had successfully launched the Cost Transparency Initiative and all the Fund's appointed investment managers had completed the templates detailing these fees. It was further noted that the statutory guidance that the Scheme Advisory Board had issued, was expected to specify how those fees should be accounted for in the Pension Fund accounts.

- Cllr Hymas queried whether the pension fund drew down on the general council fund. Taryn Eves explained that these were two separate accounts and separate funds. There were two essential areas, one of these being the cost of the team, this would be fully funded by the pension fund. The second area was the employer contribution rates, which were reviewed at each triennial revaluation, the last one being carried out in 2022. When those contribution rates were being set, the fund actuary would look at the funding level of each employer; there were a number of employers with different funding levels within the scheme, this would all be taken into context when setting these rates.
- Taryn Eves noted that for the iteration of this report did not have any big changes. Officers had made changes that were the easiest to implement given the time when the Statutory Guidance was issued which came into effect from 1 April 2024. It was further noted that most of the required changes included in the Statutory Guidance had already been incorporated in the Fund's Annual Report. In addition to this, it was noted that the Scheme Advisory Board was aiming for more consistency and one of the key elements of the guidance was to allow funds to publish the Annual Report without it to include an audited Statement of Accounts.
- Cllr Iyngkaran requested from officers the benchmark of administrative costs compared to other schemes. Tim Mpofu explained that this could be prepared for members. Normally, schemes used the SF3 report for benchmarking marking purposes, which included information that was slightly different to the disclosures included in the Annual Report. However, all local government pensions were required to complete the government return. The deadline for completion of the SF3 report this was the middle of September and officers expected the final report to be issued before the end of the year. Following this, officers could be in a position to report on how Haringey compared to other local authorities.
- Craig Pattinson queried where FOI information or responses to deputations from the team could be found. Tim Mpofu explained that most FOI responses were submitted via the Council's website. Any responses to documented representations received were documented within internal files, these responses were only shared directly with the requestor.
- In response to a question regarding wider member engagement, Tim Mpofu noted that in the future this would be supported by the Pensions Dashboard which would enable members to use an identifier such as a National Insurance number to access a list of all their pensions data. Jamie Abbott and the team were currently working to make sure that the Fund this was going to be compliant with the regulatory requirements once launched.

RESOLVED

- To note the draft unaudited Haringey Pension Fund Annual Report for 2023/24 appended as Appendix 1 to this report.

- To approve the upload of the draft version of the Haringey Pension Fund Annual Report to the Haringey Pension Fund's website by 1 December 2024.

10. PENSIONS ADMINISTRATION UPDATE

Jamie Abbott introduced the item. This report provided the Pensions Committee and Board (PCB) with updates regarding Pension Fund's administration activities.

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

- Cllr Bevan queried the team in regard to staffing. Jamie Abbott explained that there were 2 apprentices within the team. They were receiving both in-house and external training on the LGPS and pensions administration function.
- Cllr Hymas noted for the record her congratulations to the team on being nominated for 2024 LAPF Investments Awards, Pension Administration Award.

RESOLVED

This report was noted.

11. RESPONSIBLE INVESTMENT UPDATE

Tim Mpofu introduced this report. This report updated the Pensions Committee and Board on the Fund's ongoing Responsible Investment development and implementation work. It also provided an update on the Local Authority Pension Fund Forum's (LAPFF) engagement and voting activities conducted on behalf of the Fund.

Members had no queries on this item.

RESOLVED

This report was noted.

12. HARINGEY PENSION FUND RISK REGISTER

Jamie Abbot introduced this report. 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. This focus area for this meeting was Accounting related risks.

The following was noted in response to questions from members:

- It was suggested by members that the inclusion of indicators to show the change in risk rating was helpful.
- Tim Mpofu suggested whether it would be helpful for PCB members to have direct access to the risk register. Officers would continue to support by evaluating the scoring, and members would provide challenge where necessary.

- Cllr Iyngkaran queried how often the risks were reviewed. Tim Mpofu explained that officers were consistently reviewing risks, the register presented at these meetings was primarily for the purposes of assisting the Committee and Board in the evaluation and monitoring of the Fund's risk. The date included on the report was the most recent review prior to the publishing of Committee papers. It was further noted that this risk register included several tabs where iterations were made and could be easily shared with Committee and Board members. The assessment of all risks was based on the Pension Fund, so it was the Fund's risk, not necessarily the councils.
- Cllr White noted that perhaps text could be expanded so that members were not seen to be treating their own individual reputations as members of this committee, as on par with fiduciary duties.
- Cllr Dunstall noted that the risk register was clear but suggested it might be useful to distinguish key risks on the register.
- Cllr Hymas sought clarity on the methodology on how officers calculated the individual risk scores for each category. Tim Mpofu explained how the risk assessment was done. Officers would also gauge risks based on their professional knowledge and experience, and from time to time by comparing the risks and scores of similar LGPS Funds. It was noted that it would be useful for members to further understand likelihood and impact. The committee welcomed the idea of a deep dive on risks.

RESOLVED

This report was noted.

13. FORWARD PLAN

Tim Mpofu introduced the report for this 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 from the committee:

- Cllr Bevan and Cllr White both noted to members the importance of attending conferences hosted by the Local Authorities Pension Fund Forum (LAPFF). Members would look at their availability and confirm attendance with the Head of Pensions.

RESOLVED

This report was noted.

- There was an action for Jamie Abbott to set up a session for members on LOLA training platform.

14. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE

Tim Mpofu introduced the report for this item. This report provided the Pensions Committee and Board (PCB) with updates on the Pension Fund's investment performance for the quarter ended 30 June 2024.

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

- Cllr Bevan queried Mercer's position on the 9 separate investment managers and 9 separate categories of investment. Steve Turner, explained that Haringey had a well-diversified portfolio and was in a good position for returns. The 9 separate investment managers and categories for investment could appear a lot to monitor, but the governance of the Committee and Board and officers meant the team were well capable to monitor assets effectively. Tim Mpofu elaborated that there were several appointment investment managers, but in terms of the actual asset allocation, the Fund was appropriately diversified. It was further noted that the team was exploring how to expand performance reporting to include specific composites based on asset class and investment objective in future reports. For example, the Fund's listed equities allocation, included the MSCI World Low Carbon Tracker Fund, the RAFI Multi-Factor Climate Transition Fund and a bespoke passive Emerging Markets Fund. All these Funds would be included in the Listed Equities Composite for future performance review.
- Steve Turner explained that there was scope to increase the allocation to protective assets. The key reason for this was because of the strong funding level and the surplus that had been reported. That would give a number of options to consider, one might be to make changes to the allocation which provided greater stability in the funding level. The main reason why the funding level was so strong was because the value of the liabilities had come down. The more exposure invested in asset classes group bond yields, there would be some risk reduction. He strongly encouraged members to consider doing some de-risking.
- Steve Turner explained that the fund were overweight equities by 6%. Equities were the riskiest asset held from a long-term perspective, but this was liquid. There was a strong case to doing some rebalancing, that would mean reducing the overweight allocation to equities and there were opportunities to reallocate those assets. The fund was underweight multi asset credit and slightly underweight with index and gilts. There were some interesting opportunities in property and with reducing interest rates, the outlook for property was probably better than it had been. With what advisors thought the government was intending to do, there was scope to invest more in areas such as affordable housing; this was an asset class that had been discussed before with the committee that would also be well aligned with investing in a more impactful asset.
- Steve Turner noted that there was a lot of concern in the sector about the extent to which government guidance on investing has had an impact on fiduciary duty. With members fiduciary duty, they needed to make decisions

which generated the required investment return. The sector was looking for the government to provide greater clarity on the consistency of fiduciary duty.

RESOLVED

This report was noted.

15. NEW ITEMS OF URGENT BUSINESS

There are no new items of urgent business.

16. DATES OF FUTURE MEETINGS

2ND DECEMBER 2024

20TH MARCH 2025

17. EXCLUSION OF THE PRESS AND PUBLIC

The following items were 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); ara 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.

18. EXEMPT - PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE

19. EXEMPT MINUTES

20. NEW ITEMS OF EXEMPT URGENT BUSINESS

CHAIR: Councillor George Dunstall

Signed by Chair

Date