

## NOTICE OF MEETING

# PENSIONS COMMITTEE AND BOARD

**Wednesday, 12th February, 2025, 7.00 pm - (watch the live meeting [here](#), watch the recording [here](#))**

**Councillors:** George Dunstall (Chair), John Bevan, Nick da Costa, Tammy Hymas (vice chair), 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 9 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 2 December 2024 as a correct record.

**8. 2023/24 PENSION FUND ACCOUNTS – EXTERNAL AUDITORS ANNUAL REPORT**

Reports to follow.

**9. NEW ITEMS OF URGENT BUSINESS**

**10. DATES OF FUTURE MEETINGS**

To note the dates of future meetings:

20 March 2025

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

Item 12 is 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.

**12. EXEMPT MINUTES (PAGES 9 - 12)**

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 2 December 2024 as a correct record.

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

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

Tuesday, 04 February 2025

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Pensions Committee and Board – 2<sup>nd</sup> December 2024 - 7:00pm

**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 Ishmael Owarish and Craig Pattinson.

**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**

Councillors stated a record of training undertaken since the last meeting would be sent over to the Officers.

**7. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED:**

That the minutes of the meeting held on 30<sup>th</sup> September 2024 be confirmed and signed as a correct record with a few minor amendments.

**8. RESPONSIBLE INVESTMENT UPDATE**

The report provided an update to the Pensions Committee and Board on the Fund's ongoing responsible investment development and implementation work. It also covered the Local Authority Pension Fund Forum's (LAPFF) engagement and voting activities conducted on behalf of its members. Tim Mpofu, Head of Pensions and Treasury, introduced the report.

Section 6.3 included a table detailing progress to date, noting that the introductory session, an ESG workshop, and the results of the questionnaire were completed in the last quarter and well received by members.

The next step, led by bfinance (appointed advisors supporting this work), was to review the existing investment portfolio and assess its current exposures in line with the identified responsible investment beliefs. A meeting was to be scheduled for January 2025 to update members on the Fund's starting position. This meeting would also guide the next stage of drafting a responsible investment policy, with input from the Fund's appointed investment consultants, Mercer to ensure the policy is both investable and aligned with the Fund's investment objectives.

Regarding LAPFF voting alerts, two alerts were received in the quarter: one on human rights and the other on climate change. While detailed information on these alerts had been previously provided in the report, it was noted that members interested in these outcomes could request them separately from the Pensions Team. The report also included details of LAPFF's engagement activities, most of which focused on climate change, in line with the Fund's priorities, though other aspects of responsible investment were also covered.

Councillors urged Officers to schedule a date for January to avoid any conflicts with other Council meetings. This was noted, and it was mentioned that the governance team would be consulted to find a suitable date. It was further noted that, the session could be moved to February, as January was a busy time for the Council due to the budget setting timetable. The Committee would be informed of the final date in due course.

**RESOLVED:**

The item was noted by the Committee.

**9. PENSIONS ADMINISTRATION UPDATE**

The report provided an update to the Pensions Committee and Board on the pension fund's administrative activities. Rebecca Moore, Pensions Team Leader, introduced the update.

There were four key items covered in the report: the pension fund membership, the online member self-service portal, the service level agreement (SLA) statistics, and the pension dashboard project.

- The membership stood at approximately 26,000, showing little change over the past year. Regarding the self-service portal, there had been a

gradual increase in sign-ups, with expectations for further growth following the inclusion of Member Self Service information on the annual benefit statement to encourage registrations.

- The SLA statistics for the period ending September 30, 2024, showed positive progress, with customer-impacting cases like deaths, refunds, and retirements processed at over 90% within the set Key Performance Indicators (KPIs). Transfer outs had improved, albeit at a slower rate, as the team aimed to balance all areas of casework.
- The pension dashboard project, set to be completed by October 31, 2025, would allow individuals to securely access their pension information online in one place. The Haringey Pensions Team was in the early stages of the data cleanse project to ensure accuracy and compliance of the requirements of the pensions dashboard. A more detailed update would be provided to the PCB at a future meeting.

The LAPFF compiles a list of all the investments and shareholdings held by the Council to effectively target their engagement with various companies. However, they reported not receiving this information from the Haringey Pension Fund, particularly details about the Fund's investments. It was requested that assurance be given that this would be provided, as it had not been done the previous year. The response confirmed that the information was provided to LAPFF last year, but Officers would confirm whether it had been shared this year. The issue was thought to be related to outdated contact details, with emails possibly being sent to former team members. The matter would be followed up after the meeting, and an update would be provided on whether the information had been delivered.

**RESOLVED:**

The update was noted by the Committee.

**10. HARINGEY PENSION FUND RISK REGISTER**

This report was prepared to update the Pensions Committee and Board on the pension fund's Risk Register and provide an opportunity to review the risk score allocation. The Haringey Risk Register was presented, as it is at every meeting, to allow members to assess the risks within the Fund and comment on the current risk allocation.

This version of the risk register focused primarily on governance risks. These risks were considered relatively stable, and no significant changes were made to the scoring. The reason for this was that the governance review, which would propose new recommendations, was set to be discussed later in the meeting. It was suggested that the new recommendations be incorporated

into the risk register going forward, but no updates were made at that stage to avoid pre-empting the outcome of the review.

Additionally, key risks identified in Table 1 of Section 6.6 were highlighted, particularly the delay in the publication of the Statement of Accounts. It was noted that this issue was likely to improve, with a deadline for issuing an opinion on the previous year's accounts by December 13. Close collaboration with KPMG on the audit exercise was ongoing, and an update would be provided to the Committee and Board in the new year.

Other risks included significant volatility in financial markets, which would be discussed later during the investment performance item, and the ESG risk, which was being addressed through the responsible investment work. The Committee was invited to comment on the risk assessments and the mitigation measures in place.

Councillors raised queries about the expected completion date for KPMG's audit of the 2023-2024 accounts. It was confirmed that KPMG was expected to complete their fieldwork before Christmas. The deadline for reporting to the Audit Committee was set for February, but the report on the 2023-2024 pension fund accounts would be presented in January, as there was no Audit Committee meeting in February. The accounts would be approved in mid-January and then presented to the Pensions Committee in March for noting.

Regarding the previous year's accounts (2020-2021 to 2022-2023), the opinions from the previous auditors, BDO, would be reported to the Audit Committee at its next meeting, potentially concluding the work on those accounts. KPMG's work for 2023-2024 was well underway, with fieldwork expected to be completed before Christmas, and reporting to the Audit Committee on track for January.

In response to concerns raised, it was noted that no significant issues had been raised so far regarding the 2023-2024 pension fund accounts, although there were still a few weeks remaining. The work on previous years' accounts by BDO had been light, and no issues had been flagged in their report.

It was added that a potential flag might arise from the valuation of private markets investments, which was a common issue related to timing of production of the Net Asset Value (NAV) statements. Since the pension fund's accounts had to be completed using the most recent information from investment managers, discrepancies could arise after investment managers completed their own audits, which took about 120 days. This could lead to material misstatements, but it was expected that any discrepancies would be addressed in the post-audit version. Tim Mpofu confirmed that, so far, no concerns had been flagged by KPMG, but the final report would be presented to the Committee in the new year.

**RESOLVED:**

The report was noted by the Committee.



## **11. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE**

The quarterly investment performance update for the pension fund, as of September 30, 2024, was presented, with Tim Mpofu providing an overview. The report included an appendix item on the exempt agenda. The recommendations in the report proposed two actions: first, to note the investment performance information and second, to invite London CIV and CBRE to present an indirect real estate pooling solution at the next Pensions Committee and Board meeting.

As of September 30, 2024, the pension fund's assets under management had grown to £1.92 billion, showing stable growth over the past five years. While the fund had slightly underperformed its benchmark in most periods, it was performing well in line with its long-term objectives. The most recent funding level estimate was 146%, a significant improvement from the funding level of 113% at the last triennial valuation. The next actuarial valuation exercise was to take place in March 2025, which could potentially result in changes to employer contributions and investment strategy.

Regarding the asset allocation, the fund had a significant overweight position in equities, which had performed well recently. However, this meant the fund was taking on more risk compared to its Strategic Asset Allocation. To address this, rebalancing options were being considered by Officers in consultation with Mercer, which included topping up underweighted asset classes such as multi-asset credit and index linked gilts. It was noted that some rebalancing activity might need to wait until the new year due to timing issues associated with the respective trading dates.

Alex Goddard, Mercer, elaborated on the need for rebalancing, explaining that the strong returns in equities had led to the overweight position. Some asset classes, like property, were illiquid, making rebalancing more difficult. One proposed rebalancing action was to top up the multi-asset credit allocation, which was underweight by 2.2% as of September 30, 2024. This could be done by the end of January. Additionally, the possibility of increasing the allocation to index-linked gilts was discussed, as they could help offset risks in the portfolio during periods of market stress or interest rate changes.

The fund also had £23 million in cash as of September 30, 2024, invested in short-term money market instruments, yielding an attractive return. It was proposed to allocate some funds to cash as part of the rebalancing process, enabling adjustments to other parts of the portfolio in the coming year.

The Committee expressed concern about reducing the equity position until a proper review of the private equity holdings had been conducted. It was argued that holding gilts could increase liabilities if interest rates moved unfavourably, with the potential for weak capital gains. The concern was that locking interest rates into the portfolio for a 30-year liability would not be sustainable for managing the pension fund, which caused significant discomfort to members.

- In response to questions about the fund's performance, it was noted that the fund had performed in line with the benchmark, which showed a 16% return, while equity markets had outperformed with a return of 23-24%. This highlighted a consistent underperformance, with the fund losing money compared to the market. There was also a lack of strategic rationale for increasing property holdings at that time, and it was suggested that further discussions on asset allocation were needed.
- It was clarified that there were no plans to reduce the strategic allocation to equities. The agreed allocation was 40%, and a review of the investment strategy was planned. If there were opinions that the allocation should be higher, that would be the appropriate time to discuss it. Currently, the allocation was at 46%, significantly above the target, following a period of substantial gains in funding levels.

Councillors sought to understand the recommended amount of cash to hold, agreeing with Keith Brown that holding cash long term was not a smart strategy, though it could be acceptable in the short term. They also questioned whether the focus on index-linked gilts should be limited to UK-based ones, or if other options could be considered.

- Regarding the index-linked gilts, it was confirmed that it was possible to invest in overseas index-linked assets, such as US Treasury Inflation-Protected Securities (TIPS). However, it was explained that one of the main reasons for holding index-linked gilts was their strong alignment with UK liabilities, as their coupon income rises with UK inflation, and they are sensitive to UK interest rates. While overseas options would move similarly, they wouldn't match UK liabilities as closely. Therefore, most schemes typically stick to UK-based index-linked gilts.

Councillors asked for clarification on how long cash should be held, even in small amounts.

- It was suggested that cash be held for a short period, likely until the end of January, if pending investment in MAC. If more cash were held for rebalancing, such as for property, it would likely be for a few additional months as options for secondary market trades were explored. It was emphasized that this would not be a long-term strategy, and the situation would be reviewed at the next committee meeting.

#### **RESOLVED:**

This report was noted and agreed to invite London CIV and CBRE to the next committee meeting.

## **12. FORWARD PLAN**

The Forward Plan was prepared to identify and agree on the key priorities for the Pensions Committee and Board for the upcoming months and to seek input for future agendas. The forward plan for the Committee and Board was outlined, with Table 1 of the agenda item listing the ongoing work. Members

were invited to provide feedback or suggest additional tasks. Key items included the responsible investment policy, which was in progress and set to be completed in the new year, and an update on the fund governance review, which had been completed in November 2024. The independent advisor was to provide an update on the review.

- Additionally, the Committee had agreed to review the CBRE mandate in March 2025. The governance review highlighted the need to reinstate training sessions, starting at 6:00 PM. Members were encouraged to identify issues, such as index-linked gilts and private markets, for potential training sessions. The governance review implementation plan was also scheduled for March, with support expected from Taryn Eves, Director of Finance.
- The paper also noted upcoming training opportunities, including the “health check” as part of the RI project to be confirmed, and two conferences: the LAPFF conference in December 2024 and the LGA conference in the new year. Members interested in attending were asked to inform the team for booking arrangements.
- Councillors noted that the LGA annual conference was not specific to pensions, as it was a broader local government event. They pointed out that while the conference might not be directly relevant for pension-related learning, the LGA did offer specific pension courses, which some Members had attended the previous year. It was suggested that the dates for these courses could be circulated to Members.
- It was noted that the Pensions Committee and Board had agreed in March 2024 to conduct an independent review of the governance arrangements. Acknowledgement was given to John Raisin for his comprehensive report, which had been considered in an earlier meeting. The key takeaway was the positive findings, particularly regarding the governance arrangements and the support provided by officers. A notable highlight was the establishment of the Governance and Investment Working Group, which was not present in all pension funds. The working group had been working extensively on the responsible investment policy for the past 9 months.
- Thanks were expressed to Tim Mpofu for his leadership and the work he had done particularly, over the past two years, contributing to the positive findings in the governance review. However, there were still areas for improvement. Specifically, John Raisin, Independent Advisor had made several recommendations, with a focus on business planning, as the pension fund was now able to plan more strategically for the medium term. The recommendation in paragraph 6.9 was seen as expected and welcomed by the committee. It was recommended that the committee accept the 26 recommendations outlined in the report.
- John Raisin explained that, as the 26 recommendations were agreed by the committee, he would be considering their implementation. He emphasized the need to be realistic about the timescales and the resource requirements for these actions. Some recommendations, such as the business plan, were more immediate, while others would have a longer-term focus. When the business plan was presented in March alongside the budget, a timeline for implementation would be outlined. It was

emphasized that the committee and board had been exemplary in their approach over the past two years and since 2016.

**RESOLVED:**

The report was noted and agreed.

**13. HARINGEY PENSION FUND GOVERNANCE REVIEW**

The lateness of the report was due to the preparation of a paper for the Pensions Committee and board, providing details about the open consultation published by the Ministry of Housing, Communities and Local Government on November 14, 2024. The paper aimed to inform members about the consultation, which closed on January 16, 2025, and outline the next steps for preparing a response on behalf of the London Borough of Haringay. However, the committee and board had not yet finalized their response, as they were still considering the consultation's contents.

**RESOLVED:**

The Committee noted and delegated authority to the Director of Finance.

**14. NEW ITEMS OF URGENT BUSINESS**

There were none.

**15. DATES OF NEXT MEETINGS**

The date of the next meeting was scheduled for 20<sup>th</sup> March 2024.

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

Document is exempt

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