NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Thursday, 24th July, 2025, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting here watch the recording here)

Councillors: George Dunstall (Chair), John Bevan (Vice-Chair), Nick da Costa, Thayahlan Iyngkaran, Matt White and Anna Lawton

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

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 18 below).

4. DECLARATIONS OF INTEREST AND CONFLICTS 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. Conflicts of Interest – The former Pensions Committee approved a Conflicts of Interest Policy at its meeting held on 14 January 2016. A slightly amended Conflicts of Interest Policy was approved by the PCB at its meeting held on 27 March 2017 and also at the meetings held on 14 March 2019 and 21 January 2021.

The Governance Review received by the new PCB at its first meeting held on 20 September 2016 included a Recommendation that "each meeting of the combined Pensions Committee and Board commences with an item "Declarations of Interest and Conflicts of Interest" rather than simply "Declarations of Interest" as was the practice of the former Pensions Committee. This would make clear the declaration responsibilities of members as both Pensions Committee and Pensions Board members and that the Fund is seeking to actively identify, monitor and manage any relevant issues as appropriate."

With effect from the meeting held on 22 November 2016 an Agenda item "Declarations of Interest and Conflicts of Interest" was introduced to the PCB Agenda which, more importantly, included an extended narrative setting out the definition of a Conflict of Interest as defined by the Public Service Pensions Act 2013. It should however be noted that since 2021 the title of the Agenda Item has changed back to "Declarations of Interest" but crucially still retaining the narrative introduced in November 2016.

A return to the use of the wording "Declarations of Interest and Conflicts of Interest" is however Recommended to emphasise the role of the PCB as both a Committee and a Pension Board.

5. BREACHES OF THE LAW

6. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

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

7. 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.

8. MINUTES (PAGES 1 - 6)

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 20th March 2025 as a correct record.

9. PENSION ADMINISTRATION UPDATE (PAGES 7 - 12)

This report provides updates regarding:

a. Pension Fund membership update
b. Online Member Self Service portal update
c. Update on Service Level Agreement (SLA) statistics

d. Pensions Dashboard Project (PDP) update
e. Approval of new Admission Agreements
f. Collection of Employer and Employee Contributions Update
g. Internal Disputes Resolution Procedures (IDRPs)

10. PENSION FUND EXTERNAL AUDIT PLAN – YEAR TO 31 MARCH 2025 (PAGES 13 - 42)

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 2025, for the Pensions Committee and Board's consideration.

11. HARINGEY BUSINESS PLAN AND BUDGET (PAGES 43 - 52)

This paper sets out the background to Recommendation 7 of the 2024 Governance Review and suggested principles to be applied in its application. These are followed by a (preliminary) outline of the Pension Fund Business Plan

12. GOVERNANCE REVIEW IMPLEMENTATION PLAN (PAGES 53 - 60)

This paper has been prepared to update the progress of implementation of the funds governance review recommendations following the review undertaken by the Funds independent advisor. Officers welcome comment from the Pensions Committee and Board on the actions achieved to date.

13. LGPS CONSULTATION FIT FOR THE FUTURE OUTCOME (PAGES 61 - 72)

This paper sets out the background to the Fit for the future consultation response and highlights the key areas that the Pensions Committee and Board will need to be aware of and consider the implications to the Pension Fund.

14. LGPS MCCLOUD DETERMINATION (PAGES 73 - 86)

Provides background to the McCloud case, the implementation timings, and the determination decision that authorities can take.

Contains a draft determination to extend the McCloud implementation for certain qualifying members and sets out the steps that will be taken following a determination.

15. RISK REGISTER (PAGES 87 - 100)

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.

16. PENSION FUND ANNUAL TRAINING PLAN (PAGES 101 - 112)

This report provides an update for the Pensions Committee and Board's consideration, regarding a Training Plan that outlines the learning and development framework for Pensions Committee and Board Members (PCB) and Senior Fund Officers of the Haringey Pension Fund for 2025/26. It aligns with the Training Policy approved in April 2022 and is structured around the eight Core Technical Areas defined in the 2021 CIPFA Knowledge and Skills Framework.

The report contains one appendix for the Pensions Committee and Board's consideration. Appendix 1 to this report, is a paper by the Independent Advisor which outlines the recommended approach for the Pensions Committee and Board plus senior fund officers to adopt regarding training.

17. FORWARD PLAN (PAGES 113 - 118)

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.

18. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE (PAGES 119 - 130)

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 2025:

- Overview of fund performance including funding position update
- Independent advisor's market commentary
- Investment manager performance
- Asset allocation

19. NEW ITEMS OF URGENT BUSINESS

20. DATES OF FUTURE MEETINGS

To note the date of the next meeting:

11th September

21. EXCLUSION OF THE PRESS AND PUBLIC

Items 21-24 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.

22. EXEMPT - PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE (PAGES 131 - 146)

23. EXEMPT LCIV/CBRE INDIRECT REAL ESTATE POOLING SOLUTION (PAGES 147 - 150)

24. EXEMPT MINUTES (PAGES 151 - 152)

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 20 March 2025 as a correct record.

25. NEW ITEMS OF EXEMPT URGENT BUSINESS

Kodi Sprott, Principal Committee Coordinator
Tel – 020 8489 5343
Fax – 020 8881 5218
Email: kodi.sprott@haringey.gov.uk

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

Wednesday, 16 July 2025

Pensions Committee and Board – 20th March

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 were received from Cllr Da Costa

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

Grace Annesley attended the committee and presented a deputation, the below is a summary of this:

Grace attended the committee to urge Haringey Council to take decisive action, and that was to divest from companies involved in the occupation of Palestinian land and divest from arms companies. She explained that local activism aligned with the broader public opinion on this matter, 56% of UK voters supported a ban on armed exports to states engaged in human rights abuses.

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

- Cllr White queried her representation of pensions funds members, she explained she undertook an online petition to collect names and signatures to form part of a network.
- She had reached out to Tower Hamlets and Waltham Forest council and would like to pass this information across to the committee.
- The Future World Fund does not have blanket exclusions to companies of this nature. There was a version of the fund which followed the European Union's Paris aligned benchmark designation which excluded particular companies.
- In terms of progress, there have been workshops with the committee in terms to understand priorities. This included a survey and officers were going through the analysis, officers were also looking at investments against each priority that was identified through the survey. The team had underestimated the task and how complex it was, aiming to bring a draft responsible Investment policy to the September Committee.

Cllr Dunstall responded to the deputation:

Thank you for taking the time to make your deputation and speak to us tonight. As you'll be aware, the Council is the administering authority of the Haringey Local Government Pension Scheme, and the PCB exercises that function under the Council's Constitution. The PCB has a legal duty to manage the Fund by investing in a diverse range of asset classes including equities, bonds, property, and infrastructure in accordance with the Investment Strategy. This diversification aims to generate sufficient long-term returns, ensuring the Fund can fulfil its obligation to pay members' pension benefits as they fall due.

To fulfil this responsibility, the Fund has, for several years, maintained a policy of investing passively in equity markets through pooled funds managed by external investment managers. This approach minimises investment costs while ensuring appropriate diversification for the Fund. This means that the Fund does not directly hold any shares in individual companies. Pooled funds aim to track the performance of a specific index, following a rules-based approach established by the index provider. Consequently, pursuing exclusionary policies for individual companies or sectors is not feasible without incurring significant costs. Such actions risk financial detriment to the Fund and could breach our fiduciary duty.

As previously stated, the fund does not directly hold any shares in individual companies, however, it does have an exposure risk as a result of those tracker funds, All of the Fund's listed equities are invested through low-carbon tracker funds. This includes the RAFI Multi-Factor Climate Transition Fund, which aims for a 7% annual reduction in carbon intensity (carbon footprint relative to company value) by 2050.

As of 31 December 2024, the Fund's total investment portfolio was valued at approximately £1.93 billion. Of this total, the Fund had about 0.02% (£0.4 million) indirect exposure to companies commonly identified through several Freedom of Information requests as being linked to the arms trade (for example, BAE Systems, Elbit Systems).

For the same reasons it also has an exposure risk to companies listed by the Office of the United Nations High Commissioner for Human Rights (OHCHR). As of 31 December 2024, the fund had approximately 0.11% (£2.2 million) of indirect exposure to companies commonly identified by the OHCHR as conducting business activities in the Occupied Palestinian Territories. This consisted of 7 out of the 112 companies included on the list.The Fund is committed to the responsible and sustainable investment of its assets. All appointed investment managers are required to be signatories of the United Nations Principles for Responsible Investment (UNPRI). Additionally, we request them to vote our shares in line with the Local Authority Pension Fund Forum (LAPFF) recommendations. LAPFF is an organisation representing 80 plus Local Government Pension Scheme (LGPS) funds and engages directly with companies on behalf of its member funds on a range of environmental, social, governance matters including human rights and international law.

The PCB continuously reviews the Pension Fund's strategies and policies to ensure they are fit for purpose and align with the Fund's long-term objectives. As a result of this ongoing review, we are currently developing the Fund's Responsible Investment Policy. A draft of this policy is expected to be completed by mid-2025, with implementation commencing in late 2025.

This policy will need to comply with the Council's statutory obligations on investments and will establish a framework for approaching social, environmental and governance issues across all our investments enabling us to respond consistently to ESG issues now and in the future. This policy will also take account, as appropriate, of the recent legal Opinions (of October 2024 and January 2025) received by the Scheme Advisory Board from Nigel Giffin KC.

Additionally, we plan to establish a governance framework to ensure our appointed investment managers are accountable, based on specific criteria aligned with the Fund's objectives. This work is also expected to be completed in 2025.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

There was no training undertaken since the last meeting by members.

7. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 25th February 2024 be confirmed and signed as a correct record with a few minor amendments.

8. Membership

RESOLVED

Pensions Committee and Board are asked to:

Confirm the appointment of two employer members and two employee members for a four year term of office.

9. Responsible Investment Update

Taryn Eves introduced the item. 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.

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

- Cllr Bevan asked officers to ensure LAPPF emails were circulated to co-opted members. Taryn Eves assured members that officers were working to ensure the timeline was still met despite delays. Some of the delays particularly before Christmas, were from the team putting in place the permissions to allow for access to the data.
- Taryn Eves explained that divestment has not been explicitly considered to date but there were future workshops scheduled to explore ideas further
- Cllr Dunstall noted the point of the responsible investment work for members to consider the ESG in the widest possible context. The conversations that the group have had to date were around understanding firstly, what the exposure to issues were; secondly what were tolerances I suppose for some of that is. What members wanted to try and get to was a framework for decision making that reflected the values that we have whilst not undermining duties as a administering authority.
- Keith Brown noted that members had to focus on how much the government wanted to intervene on the allocation of pension fund money.
- Taryn Eves explained that completion of works was heading for September.

RESOLVED

10. Pensions administration update

Rebecca Moore presented this item. This provided the committee with the following updates regarding Pension Fund's administration activities:

• Pension Fund membership update

• Online Member Self Service portal update

• Update on Service Level Agreement (SLA) statistics

• Pensions Dashboard Project (PDP) update

• Update on 2023-24 Pension Fund Audit

• Independent Advisors LGPS Update

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

- Jamie Abbott recently took up the position of the Head of Pensions role. Officers were actively looking at the structure in the pensions team and the capacity. Due to the level of work there may be a requirement for more roles within the team over the next 12 to 24 months.
- In the consultation 2026 was the date for the new regime, the Government wanted the pools to have a lot more influence, particularly not only implementation, but also in terms of investment strategy. The government also wanted to have more overview and scrutiny, and essentially in the end control of the pools. The pools were encouraged to think about their futures.

RESOLVED

11. Risk register

Jamie Abbott presented this 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 from the committee:

- Cllr White asked officers roundabout to write a reminder to the chief whips of the two political groups. There was a commitment to do everything that they could to keep the membership of the committee as steady as possible and the not doing so was a risk to the to the pension fund.

RESOLVED

12. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE

Jamie Abbott presented this 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 2024:

• Overview of fund performance including funding position update

• Independent advisor’s market commentary
• Investment manager performance
• Asset allocation

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

- Steve Turner explained to the committee that members had taken steps over the past few years to diversify some of the risks. The fund was not as reliant on equity markets, with only 40% in equities for example, whereas some other LGPS funds would have materially more than that. When there are periods of market volatility, it does stress some of the benefits of having those diversifying allocations. As we go through the actuarial evaluation, officers would want to review the investment strategy alongside that, particularly bearing in mind the size of the surplus that the fund was currently showing based on the Hyman's analysis.

RESOLVED

13. Forward plan

Jamie Abbott presented 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:

- Jamie explained that responsible investment goes on to December because the team were meeting in April to look at the key beliefs and how that tied in with current fund managers. Once this meeting has occurred and the team had agreed the beliefs this would be drafted So, it could lead on to September but definitely would be finalised by June.

- Cllr Bevan suggested putting a member from the committee forward to LAPPF executive relations. Officers would look into the process.

RESOLVED

14. Governance review implementation plan

Taryn Eves presented the item. This paper had been prepared to outline the proposed implementation of the funds governance review recommendations following the review undertaken by the Funds independent advisor. Officers welcome comment from the Pensions Committee and Board on the content and timeframe.

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

- Cllr Iyngkaran sought clarification on the timelines of work. The work would not start before the start date quoted.

- The business plan was quite a fundamental piece of work. There may well be a few of those that slip through to 26/27, but the team knew their commitment was that they would complete this on a risk-based approach.

RESOLVED

15. Items of urgent business

There were none.

16. Dates of future meetings

TBC

Agenda Item 9

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Pensions Administration Update

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officers: Jamie Abbott, Head of Pensions
Jamie.abbott@haringey.gov.uk
Rebecca Moore, Pensions Manager
020 8489 4343

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. Pensions Dashboard Project (PDP) update
e. Approval of new Admission Agreements
f. Collection of Employer and Employee Contributions Update
g. Internal Disputes Resolution Procedures (IDRPs)

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note this report and the information provided regarding the Pension Fund's administration activities for the quarter ending 31 March 2025.

3.2. To note and approve the admission of the entities listed in Section 6.16 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

Haringey LONDON

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 2025.

Table 1: Pension Fund Membership

Member status	30 Jun 24	30 Sep 24	31 Dec 24	31 Mar 25
Active members	6,360	6,382	6,563	6,683
Pensioner members	8,974	9,068	9,161	9,254
Deferred members	10,872	10,618	10,642	10,588
Total scheme members	**26,206**	**26,068**	**26,366**	**26,525**

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 2025.

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

Member Self Service	30 Jun 24	30 Sep 24	31 Dec 24	31 Mar 25
Total active scheme members	6,360	6,382	6,563	6,683
Total active member registrations on MSS	1,606	1,701	1,757	1,950
Proportion of registered active members	**25.25%**	**26.65%**	**26.77%**	**29.17%**

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	Dec 2024*	Mar 2025
Last 7 days	54	73
Last 30 days	211	296
Last 2 months	365	569
Last 3 months	420	6

* 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 2025.

Table 4: Key Performance Indicators

Process	Cases completed	SLA Days to complete	% Completed within SLA	Change
Deaths notifying amount of dependents benefits	342	10	91%	▼2%
Estimates	374	15	87%	◄► 0%
Retirement quote	774	15	86%	▼2%
Retirement Actual	557	10	92%	▼3%
Deferment of records	673	30	96%	◄► 0%
Refund quote	267	30	90%	▲3%
Refund actual	119	10	87%	▼6%
Transfer in Quote	387	20	87%	▲1%
Transfer in Actual	217	20	81%	▼2%
Transfer Out Quote	457	20	83%	▲1%
Transfer Out Actual	321	20	70%	◄►0%
Divorce Quote	26	30	100%	◄► 0%
Divorce Actual	2	30	100%	◄► 0%

Actual payment of retirement lump sum	719	10	99%	▲1%

Pensions Dashboard Project (PDP) update

6.9. Pensions dashboards will enable individuals to access their pensions information online, securely and all in one place. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension.

6.10. LGPS schemes are expected to be working towards a 'connect by' date of the 31 October 2025, although the Dashboard Available Point (DAP) could be before this date. The point at which Dashboards become available to the public.

6.11. The Haringey Pension Fund have appointed Heywood Pension Technologies to be the ISP (integrated Service Provider) for the Pensions Dashboard Project.

6.12. Implementation of the ISP solution commenced June 2025 and is expected to last up to 12 weeks.

6.13. AVC providers have been contacted to inform them that we plan on operating a single connection source approach and outlined the format that the Haringey Pension fund requires the data in.

6.14. The ISP console and file transfer facility has been set up on our pension system test servers.

6.15. We are currently in the testing phase for the ISP environment. Officers are working in collaboration with our Pension software provider to ensure the environment functions as expected and matching criteria is suitable ahead of go live which is on track for October 2025

Approval of new Admission Agreements

6.16. 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.

6.17. 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.

6.18. 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

Admission Body	Service Contract	No. of Staff
Taylor Shaw	Catering services for St John Vianney Catholic Primary School	1

Accent Catering	Catering services for Mulberry Academy Woodside	10
Pabulum	Catering services for Stroud Green Primary School	1
Impact Food	Catering services for St Thomas Moore Catholic School	8
Ridgecrest	Cleaning services for Dukes Aldridge Academy	5

Collection of Employer and Employee Contributions Update

6.19. Employer contributions are set every three years through an actuarial valuation, which assesses the fund’s assets, liabilities, and future obligations. Contribution rates vary by employer, reflecting factors such as workforce profile, benefit levels, and funding position, ensuring contributions are fair and sufficient to maintain the scheme’s long-term sustainability.

6.20. Employee Contributions are set nationally by legislation and follow a tiered structure based on pensionable pay, with higher earners paying a higher percentage. These rates are reviewed periodically to maintain fairness and affordability, and are deducted directly from employees’ salaries as a key part of scheme funding

6.21. All participating employers are required to submit monthly contribution schedules and corresponding remittances for both employee and employer contributions within the specified timeframes outlined in the Fund’s Administration Strategy. Timely and accurate submissions are essential to ensure effective fund management and regulatory compliance.

6.22. Officers can confirm all expected payments and corresponding contribution schedules are accounted for as at the publication date of this report.

Internal Disputes Resolution Procedures (IDRPs)

6.23. The Internal Disputes Resolution Procedure (IDRP) provides scheme members with a formal mechanism to appeal decisions or actions taken in relation to their pension benefits. This includes, but is not limited to, the exercise of discretionary powers by the Council or participating employers. The IDRP ensures that members have access to a clear and structured process for resolving concerns in a fair and transparent manner, in accordance with regulatory requirements.

6.24. The dispute process comprises two stages. At Stage 1, unresolved complaints are referred to the IDRP stage 1 Adjudicator for review. If the member remains dissatisfied, they may escalate the matter to Stage 2, where it will be reviewed by an independent Senior Designated Person.

6.25. If a complaint can still not be resolved after being reviewed via IDRP stage 1 and 2, the member then has the right to take the complaint to the Pensions Ombudsman.

6.26. There have been no IDRP cases as at the publication date of this report or any current on-going IDRP cases.

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.

Director for Legal and Governance [Fiona Alderman]

9.2. Director for Legal and Governance (Monitoring Officer) has been consulted on the content of this report and there are no legal implications.

Equalities

9.3. 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. N/A

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Pension Fund External Audit Plan – year to 31 March 2025

Report authorised by: Taryn Eves, Corporate Director of Finance Resources (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
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 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 2025, 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

Haringey LONDON

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 second year as Haringey Pension Fund's auditors.

Audit Plan

6.4. The draft audit plan outlines KPMG's approach to auditing the annual accounts for the financial year ending 31 March 2025. 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 January 2026.

6.5. Officers have been engaging with the KPMG audit team since March 2025 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 2024/25 audit are £88,000. This fee, an 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.

Procurement

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

Head of Legal and Governance [Fiona Alderman, Director of Legal and Governance)

9.3. The 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

9.4. 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 2025 [prepared by KPMG]

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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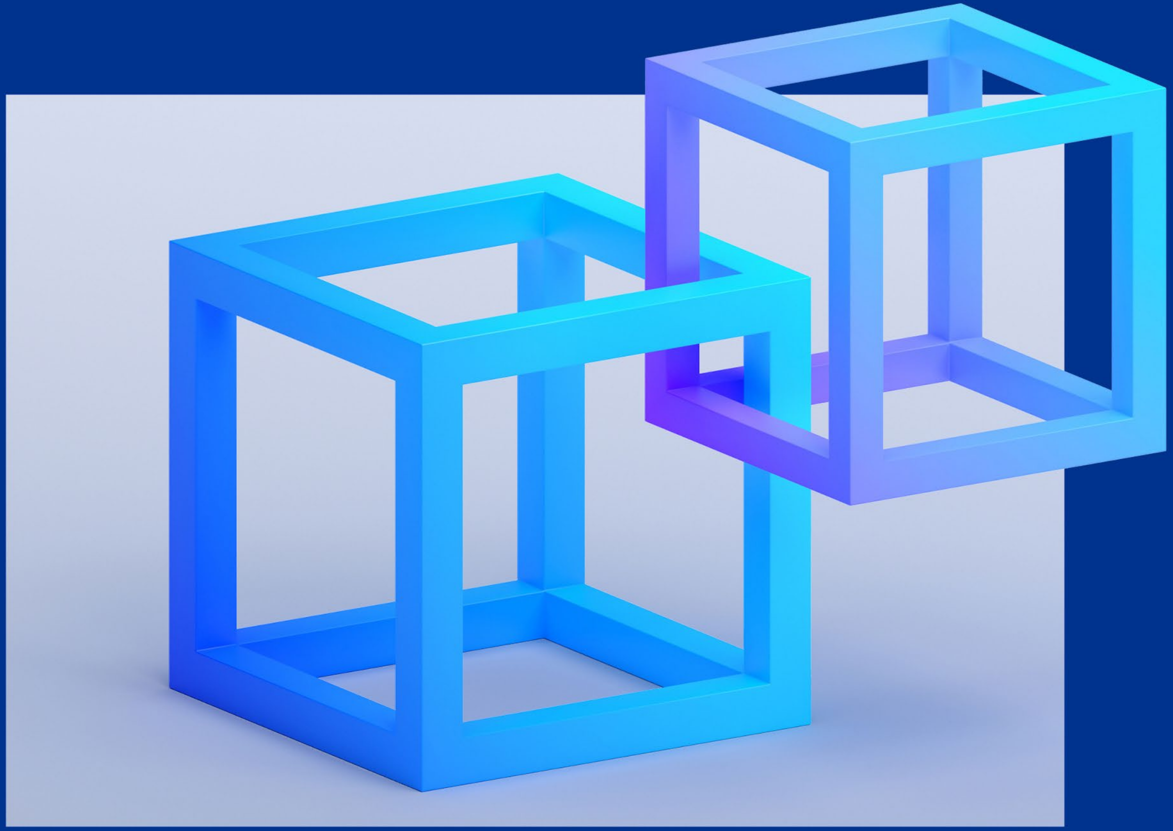
Haringey Pension Fund



Report to the Audit Committee, Pensions Committee and Board

Draft Audit plan and strategy for the year ended 31 March 2025

—

22 May 2025

Introduction

To the Audit Committee, Pension 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 2025.

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.

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.

Contents

The engagement team

Tim Cutler is the engagement partner on the audit. He has over 27 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 Katie Ho and in-charge M. Muhammad with over 8 years and over 5 years of experience respectively.

Yours sincerely,

Tim Cutler

Partner - KPMG LLP

22 May 2025

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.

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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 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.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £14m / 75% 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, Pension Committee and Board including:

- Corrected and uncorrected audit misstatements above £935k;
- Errors and omissions in disclosures (corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion; and
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised by us in the prior year audit and management's response to those findings.

Materiality

Materiality for the financial statements as a whole	**£18.7m** 1% of total assets (23/24 £17.1m, 1% of total assets)
Procedure designed to detect individual errors at this level	**£14.0m** (23/24 £11.1m, 65% of materiality)
Misstatements reported to the Audit Committee and Pension Committee	**£935k** (23/24 £855k)

Haringey Pension Fund Materiality

£18.7m

1% of Pension Fund's total assets as at 31 Mar 2024

KPMG

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Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the engagement 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 March 2025 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 June 2025 where we present our final audit plan;
- Status meetings with management in June 2025 and July 2025 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2025 where we discuss the auditor's report and any outstanding deliverables; and
- Pension Committee and Board in September 2025 where we communicate audit misstatements and significant control deficiencies.

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
Change of Head of Pensions During the year ended 31 March 2025 the Haringey Pension Fund Head of Pensions have been changed.	We will review the impact on our review of the control environment.
Change in approach to valuation of level 3 investments: During the year the management has taken the approach to value the lagged investments at year end using the latest available NAV statement and adjusting it for subsequent transactions. Thereby reducing the difference between actual valuation a at year end and the values taken by management.	We will review the impact on our audit of the valuation of investments.

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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.

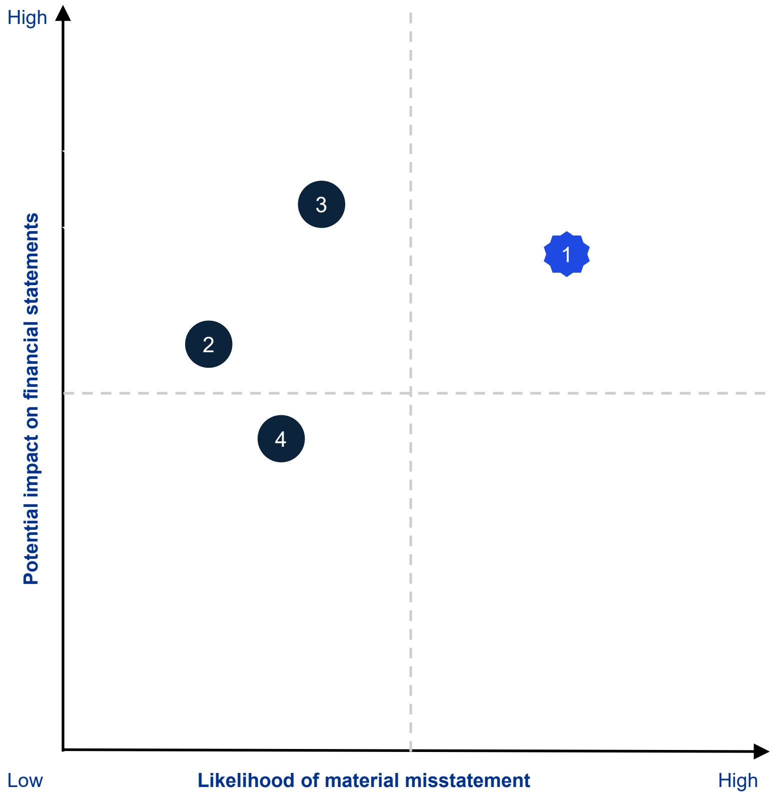
Due to the current levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate 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. The actuarial position of the fund is not appropriately presented in the financial statements



KEY

1 Presumed significant risk

2 Other audit risks

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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 and risk assessment procedures we identified that the Pension Fund does not have enforced segregation of duty controls over the posting of journals, specifically below £40k, 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.
- Assess the appropriateness of changes compared to the prior year and 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 analyze 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; and
    - We will determine high risk criteria and select journals based on this criteria for testing.

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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 Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers, due to rebalancing of the portfolio based on the Pension Committee's decision to align the portfolio with the Investment Strategy Statement.

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, where available, 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 valuation of assets 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's report for consistency with the amounts reported in the financial statements. We will investigate any material deviations.

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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 Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99% 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 which amounted to c. £1.56bn as at 31 March 2024, 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 amounted to c. £3.17m as at 31 March 2024, due to the estimation uncertainty resulting from unobservable inputs to these investments.

Planned response

- **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.
- We will further assess the reliability of the NAV statements produced by fund managers on a sample basis 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.

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Audit risks and our audit approach (cont.)

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

Other audit risk

- The actuarial position of the Pension Fund 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

- 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 Pension 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 Pension Fund's valuation.
- 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.

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Audit risks and our audit approach (cont.)

Revenue – rebuttal of significant risk	Expenditure – rebuttal of significant risk
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 receivable. 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 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.	Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered. Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Pension Fund to manipulate the financial reporting of expenses. Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Pension Fund.

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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; and
- We consider our other duties under legislation and the Code, as and when required, including:
    - Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 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's 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.

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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 (OK)	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	OK	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		On completion of audit, 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.

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Mandatory communications

Type	Statements
Management's responsibilities (and, where appropriate, those charged with governance)	Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error. 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.
Auditor's responsibilities	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.
Auditor's responsibilities – Fraud	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.
Auditor's responsibilities – Other information	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.
Independence	Our independence confirmation (refer Appendix for page number) 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.

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Appendix

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 Audit Committee and be responsible for the opinions that we issue.	**Katie Ho** is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Audit Committee, Pensions Board and Pensions Committee as required.	**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 sections of the audit.

To comply with professional standards 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.

3
years to transition

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

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.

Others	Extent of planned involvement or use of work
iRADAR	Our in-house investment team, iRADAR, will review the valuation of the equities held to identify any potential material pricing issues.
Actuarial specialist	We 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.
KPMG IT Audit	We will work closely with the IT Audit team to obtain an understanding of IT systems operating at the Pension Fund.

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Fees

Audit fee

Our proposed fees for the year ended 31 March 2025 have been agreed with the management.

Haringey Pension Fund	2024/25 (£'000)	*2023/24 (£'000)*
Statutory audit: Scale fees **	***88***	*78*
Agreed Prior Year fee variation for ISA 315**	-	*6*
Fee for building back assurance*	-	*6*
Fee for Journals testing overruns*	-	*4*
Fee for internal consultation on audit opinion*	-	*5*
TOTAL	**88**	***99***

** Subject to PSAA fee variation process*

*** ISA 315 fee is now included in the scale fees for FY 2025.*

We also note that we are the external auditors of London Borough of Haringey Council, our audit fees in relation to that audit are reported separately.

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 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.

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Audit cycle & timetable

Our 2024/25 schedule

Key:
- Timing of A&RC communications
- Key events

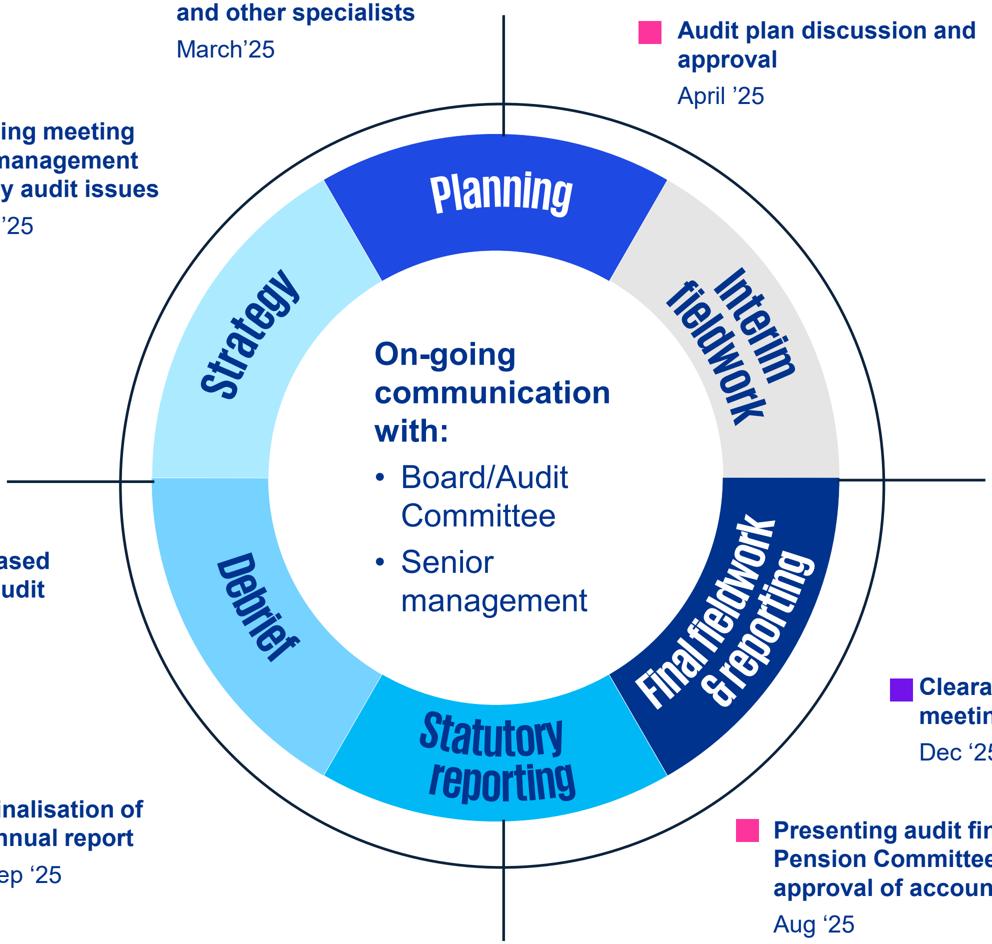
Given the large amount of consultation happening in regard to the scope and timing of local government this audit schedule may be subject to change.

** While we propose to complete the audit in line with the timelines mentioned here. However, please note that the audit cannot be finalized until the audit of London Borough of Haringey Council has finalized.*

Commence year end planning including IT and other specialists
March'25

Audit plan discussion and approval
April '25

Planning meeting with management for key audit issues
March'25



Audit strategy discussions based on debrief of audit
Nov '25

Final fieldwork
June '25- July '25

Clearance meetings
Dec '25

Finalisation of annual report
Sep '25

Presenting audit findings to Pension Committee and Board and approval of accounts *
Aug '25

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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 partner and audit staff is not impaired.

To the 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.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

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 Pension Fund during the year ended 31 March 2025 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.

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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 partner and audit staff is not impaired.

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.

	2024/25 (£'000)
Statutory audit: Scale fees	88
Other assurance services	TBC
Total Fees	**TBC**

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 of the Council, Pension Committee and Board.

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 partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council and Pension Committee and Board 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 LLP

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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

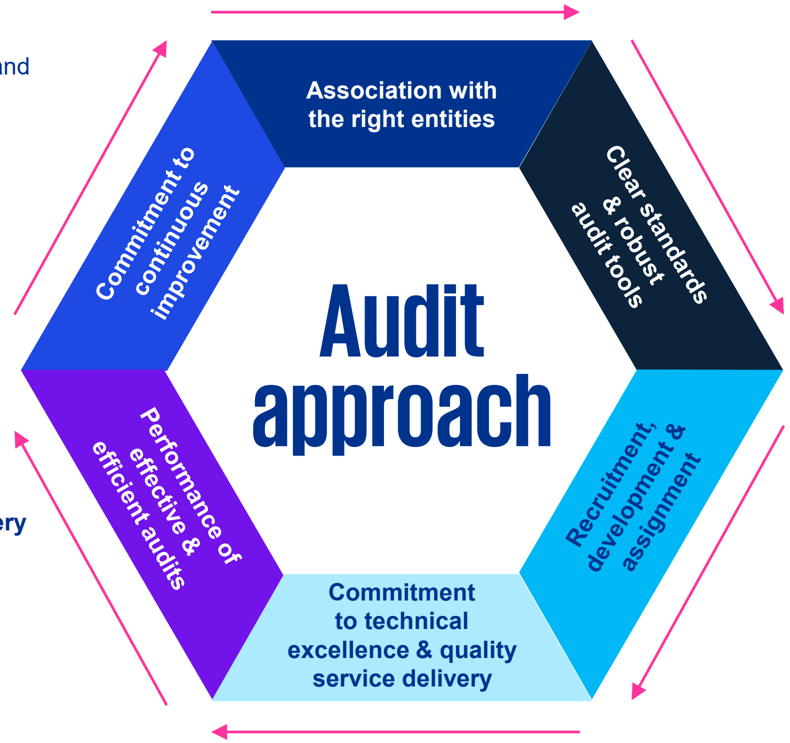
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

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

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Understanding of IT

Effect on audit effort

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Summary

The release of ISA 315 (UK) revised brought an increased focus on Understanding of IT in the audit, and it continues to be an area of focus.

Stakeholders now expect auditors to not only understand IT in detail, but also to consider the impact of the findings from their risk assessment procedures on their planned audit approach.

Why is Understanding of IT so important?

Businesses continue to embrace increasingly complex and sophisticated IT systems and place more and more reliance on automated IT processing not simply for a competitive advantage, but also for "business as usual" operations.

This increased reliance means that to effectively audit accounts, balances and transactions, auditors are required to understand and challenge more around how those IT system and process work.

Therefore, Understanding of IT is a crucial building block of our audit strategy and influences our planned audit approach at every stage.

This is true regardless of whether controls reliance is planned or the audit is expected to be fully substantive in nature.

What kind of things might we identify?

As part of our risk assessment procedures, we perform:

- An assessment of the formality, or otherwise, of certain financially relevant IT processes
- An evaluation of the design and implementation of related general IT controls
- An evaluation of the design and implementation of automated process level controls

As a result of these procedures, we may identify IT control deficiencies or IT process informalities that may have an impact on our planned audit approach.

Additionally, we may identify findings related to the wider control environment or threats to the accuracy or completeness of the information used by both entity management and auditors alike.

What does this mean for our audits?

Auditors are being asked to consider the findings from their risk assessment procedures over IT in relation to the planned audit approach.

The findings may impact any area of the audit, however there are three main areas of focus where we anticipate that most impact as a result of identifying IT deficiencies or IT process informality;

- Increased risk to data integrity
- Additional fraud risk factors
- Additional high-risk criteria to be used in journals analysis

It is important to understand that these findings may have an impact regardless of planned reliance on automated controls and general IT controls.

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FRC's areas of focus

The FRC released their Annual Review of Corporate Reporting 2023/24 ('the Review') in September 2024 having already issued three thematic reviews during the year.

The Review and thematics identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.

Key expectations for 2024/25 annual reports

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and company-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the company's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

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FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent company investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in it's current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the 'Offsetting in the financial statements' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a company is also applying the Companies Act 2006 Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and company specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Companies should ensure sufficient explanation is provided of material financial instruments, including company-specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the company. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

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FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover company-specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report and Companies Act

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the company.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

- Industrial metals and mining
- Retail
- Construction and materials
- Gas, water and multi-utilities
- Food producers
- Financial Services

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Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Haringey Business Plan and Budget

Report authorised by: Taryn Eves, Director of Finance (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@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 sets out the background to Recommendation 7 of the 2024 Governance Review and suggested principles to be applied in its application. These are followed by a (preliminary) outline of the Pension Fund Business Plan.

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 suggested principles outlined in the report and template business plan and budget for 2026/27 to 2028/29.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Legal and Structural Separation: The Haringey LGPS Fund is legally distinct from the Council’s other functions, supported by various regulations, requiring independent governance and financial planning.

6.2. Mandated Planning: The Pensions Committee and Board are explicitly required to prepare an annual Business Plan and Budget, as per their Terms of Reference.

6.3. National Guidance and Best Practice: The Scheme Advisory Board's "Good Governance" reports emphasise that LGPS funds must be adequately resourced, with budgets driven by business plans rather than arbitrary constraints.

6.4. Recent Reinforcement: In 2025, both the Scheme Advisory Board and the Government reaffirmed that pension fund budgets must be set independently of council-wide financial pressures and should support long-term planning and staff retention.

6.5. Government Position: The Government's May 2025 response clearly states that LGPS fund budgeting should be separate from the administering authority's general budget and free from broader resource restrictions.

Principles to be applied

In developing the Business Plan and budget for the Pension, Fund, the following principles will be followed:

6.6. Key Inputs for Planning: The process must consider all relevant legislation, LGPS regulations, statutory and ministerial guidance, Scheme Advisory Board communications, The Pensions Regulator's codes, the Fund's Risk Register, and audit reports (external and internal).

6.7. Development and Oversight: Planning should be informed by officer-led workshops and the Investment and Governance Working Party, ensuring active involvement from the Pensions Committee and Board

6.8. Three Planning Areas: The Business Plan should be structured around Governance/Actuarial, Investment and Accounting/Administration and Communication.

6.9. Budgeting Principles: The budget must reflect actual and anticipated needs (e.g., higher actuarial costs in valuation years), not be based on inflationary uplifts or arbitrary limits, and must meet statutory and service expectations

6.10. Transparency and Monitoring: The Business Plan and Budget must be reported quarterly to the Pensions Committee and Board and published on the Fund's website.

6.11 The Appendix to this report sets out the approach and template of the draft Business Plan and PCB is asked to provide any comments and feedback which will be considered as part of the full Business Plan that will be presented at the next meeting in September. From 2026/27, the Business Plan and budget will be presented to the March meeting of PCB.

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.

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.

Director for Legal and Governance [Fiona Alderman]

9.2. The 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 2: Haringey business plan and budget paper

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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JOHN RAISIN FINANCIAL SERVICES LIMITED

Haringey Pension Fund

Implementation of Business Planning & Budgeting

A paper by the Independent Advisor
July 2025

Introduction

The Haringey Pension Fund Governance Review of November 2024 included as Recommendation 7 that "*A comprehensive Medium Term Business Plan incorporating an Annual Plan and including a Medium Term and detailed Annual Budget is considered and approved annually by the Pensions Committee and Board and formally monitored by the Committee and Board on a quarterly basis.*"

This paper provides an outline framework and approach to implement this recommendation. The proposals in this paper aim to initiate and facilitate the process of preparing a **Haringey Pension Fund Business Plan 2026/27-2028/29** which will include a Medium Term Budget 2026/27-2028/29 together with a more detailed Annual Plan 2026/27 and detailed Budget 2026/27. The contents should not be regarded as in any sense comprehensive but rather suggestions to initiate the process.

This paper sets out the background to Recommendation 7 of the 2024 Governance Review and suggested principles to be applied in its application. These are followed by a (preliminary) outline of the Pension Fund Business Plan.

Background

The 2024 Governance Review included clear justifications for the development of a comprehensive approach to Business Planning and Budgeting. These included:

- Although the London Borough of Haringey is the Administering Authority of the Haringey LGPS Fund the Fund is clearly separate to the other functions of the Council as is clearly demonstrated, for example by The Local Authority (Functions and Responsibilities) (England) Regulations 2000 (As amended), The Local Government Pension Scheme Regulations 2013 (As amended), and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

- The Terms of Reference of the Pensions Committee and Board, as agreed by the Full Council on 18 July 2016, specifically state at Section 7.1 *"The Committee and Board will prepare a Business Plan and Budget each year."*

- The issue of Business Planning and Budgeting was a major issue of consideration in the Scheme Advisory Board (SAB) “Good Governance in the LGPS.” Project of 2019-2021. Both the Phase 2 (November 2019) and Phase 3 (February 2021) reports were clear that there should be sufficient resourcing of the LGPS function to provide *“a good service”* to both Scheme Members and Employers and that a Business Plan should drive the Fund’s Budget.

- The Phase 3 Good Governance report was robust in its narrative on this issue of Business Planning and Budgeting and included the following:

  - *“Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund’s budget is set and managed separately from the expenditure of the host authority.*

  - *Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers…*

  - *Required expenditure should be based on the fund’s business plan and deliverables for the forthcoming year. The practice should not simply be to uprate last year’s budget by an inflationary measure or specify an “available” budget and work back to what level of service that budget can deliver.”*

Since the preparation of the Haringey Pension Fund Governance Review of November 2024 both the Scheme Advisory Board and the Government have made statements which not only clearly support, justify, and effectively require a comprehensive LGPS Fund Business Planning and Budgeting approach but one which is not constrained by wider Council circumstances.

On 27 January 2025, the Chair of the Scheme Advisory Board wrote to all Pension Committee Chairs and Chief Finance Officers. This letter included statements that:

  - *“The acknowledged pressures on council service delivery more generally should not influence the approach taken with regard to setting the budget for pensions administration and governance. The Board is aware that cost constraints on the administering authority are sometimes applied to the pension fund, even when the fund has a legally separate source of funding. It is vital that appropriate resources are in place to ensure service delivery by the pension fund.*

- *The Board would also encourage you to take a longer-term approach and determine your pension fund delivery requirements (both resources and budget) for the next few years; with all necessary parties agreeing a plan to ensure the fund can meet the current and future operational challenges effectively.*

- *As a highly specialist area, administering authorities also need to be mindful of the need to retain key pensions staff and knowledge when setting salary scales and staffing levels for the pension fund"*

On 29 May 2025, the Government issued **"Local Government Pension Scheme (England and Wales): Fit for the future government response."** At Paragraph 217 it was stated *"The government's view is that pension fund budget-setting should be seen as separate from that of the AA as a whole and should not be subject to resource restrictions which may apply across other functions. The government intends to set this out in guidance."* This is an extremely clear and indeed definitive statement.

Principles to be applied in developing Business Planning & Budgeting

Due consideration be given to:

- Relevant Legislation, LGPS Regulations and Statutory Guidance.
- Statements made by Government in LGPS Consultation outcomes including particularly in relation to anticipated regulatory change.
- Ministerial Statements relevant to the LGPS.
- Statements made/letters issued by the Scheme Advisory Board in its role of providing advice to Administering Authorities under the Public Service Pensions Act 2013 and LGPS Regulations 2013.
- Codes or reports (relevant to the LGPS) issued by The Pensions Regulator.
- The Haringey Pension Fund Risk Register.
- Reports issued by the External Auditor to the Haringey Pension Fund.
- Internal Audit Reports issued in respect of the Haringey Pension Fund.
- Officer Business Planning and Budgeting Workshops led by the Head of Pensions (or equivalent) – these will be the primary development forums.
- Investment and Governance Working Party considerations - to enable meaningful involvement of the Pensions Committee and Board (PCB).

The Business Planning approach to be divided into three areas:

- Governance (including Training).
- Actuarial, Investment and Accounting.
- Administration and Communication.

The Budget to be based on the activities and requirements (including anticipated requirements) identified in the Business Planning process. This may mean clear divergence between years. For example, Actuarial costs should be (clearly) expected to be budgeted higher in an Actuarial Valuation year (2028-29) than in 2026-2027 and 2027-2028.

The Budget to be set, as proposed in the SAB Good Governance Phase 3 report, at such a level as "*to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers."* The Budget to be set according to identified requirements and not on an "uprate with inflation" or similar approach.

The Business Plan and Budget to be reported to and monitored by the Pensions Committee and Board on a Quarterly basis.

The Business Plan to be published on the Fund website.

<u>A preliminary framework for the Pension Fund Business Plan</u>

On the following two pages a potential preliminary outline framework the Haringey Pension Fund Business Plan and Budget is provided.

The actual approach taken to Business Planning and Budgeting will need to be developed by the Fund Officers in due course.

The preparation of the Business Plan 2026/27 to 2028/29 and associated Budget should commence as soon as practical. It will be a significant task to undertake the necessary Officer led work leading to consideration by the Pensions Committee and Board (ideally at a meeting of the Investment and Governance Working Party) and final approval no later than the 17 March 2026 PCB meeting.

Business Plan 2026/2027 to 2028/2029
And Pension Fund Budget

Introduction to the Pension Fund

About the Fund and what the Fund does.

The Fund Business Plan and Budget

Format and (very) brief overview.

Governance and Management of the Fund

Including: The PCB; The Officers (including structure diagram); The Fund Advisors; The London CIV (the Pool); The Risk Register; The Fund Strategies and Policies

The Next Three Years

Overview of Key risks, requirements, and challenges.

Also, reference to Business as Usual as part of Fund activity - crucially important but could be (easily) overlooked in favour of developments/major projects which would result in an incomplete Business Plan.

Three Year Business Plan

To simplify the Business Plan it could be in the form of one Three Year Plan but which incorporates more detail relating to Year 1.

Major activities listed in a Table with reference to applicability, or not, in each Quarter of Year 1 and whether to be undertaken in Year 2 and/or Year 3.

Business Plan divided into three major areas:

- Governance (including Training).
- Actuarial, Investment and Accounting
- Administration and Communication.

These major areas then divided into Areas of Work

Area of Work	2026/27				Year 2	Year 3
	Q1	Q2	Q3	Q4	2027/28	2027/28

Narrative used after the Table to provide some detail relating to planned activity with a focus on Year 1 of the Plan together with some commentary on Years 2 and 3 particularly in relation to developments/major projects. Some reference to the Risk Register could helpfully also be made.

Fund Budget

The three year period could be covered using one Table with the first year budget having been prepared after careful consideration of Business as usual, key risks, new requirements, major projects etc. Years 2 and 3 would be based on Year 1 but amended for known changes and assumed inflation.

There could be both significant upward and significant downward projected budget movements in Year 2 and Year 3. This is likely to result from a Budget driven by the activity, and extent of activity, identified in a robust Business Planning process led by the Head of Pensions (or equivalent) and involving the genuine participation of the Pensions Committee and Board.

The Budget should include the costs of all activity related to the Pension Fund whether direct (for example staff working for the Pension Fund), recharges from the Administering Authority (for example for accommodation, Committee Services staff) or external costs (for example the Administration System supplier, the Actuary, the London CIV).

All costs including recharges for services provided by the Administering Authority should be budgeted on the basis of justifiable estimates agreed or proposed (as appropriate) by the Head of Pensions and based on expected activity or use.

John Raisin

9 July 2025

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

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Governance Review Implementation Plan

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@Haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key Decision

1. Describe the issue under consideration

1.1. This paper has been prepared to update the progress of implementation of the funds governance review recommendations following the review undertaken by the Funds independent advisor. Officers welcome comment from the Pensions Committee and Board on the actions achieved to date.

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 regarding the implementation of the fund governance review recommendations.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. Following the governance review by the funds independent advisor there were 26 recommendations suggested to the PCB categorised under three categories:

- Category 1: Fundamental and Urgent
- Category 2: Easily Implementable
- Category 3: To be Implemented from 2025/26

Haringey LONDON

6.2. Officers have reviewed the 26 recommendations and drafted an implementation plan (Appendix 3), taking regard to the three categories that the recommendations were assigned to.

6.3. Table 1 shows the progress on the governance recommendation items since the last PCB meeting:

Table 1 : Recommendation progress

Number	Recommendation	Progress	Comment
1	That the approval of Admission Agreements that relate to organisations that are taking responsibility for a service or assets by means of a contractual arrangement (sometimes referred to as Transferee Admission Bodies) is delegated by the Pensions Committee and Board to the Council's Section 151 Officer who may further delegate this function to such Officers as he/she considers appropriate	0%	To be added to the September 2025 administration agenda given the number of items already on the July report
4	Going forward the regular Pensions Administration Report, to the Pensions Committee and Board, include specific information in relation to the Collection of Employer and Employee Contributions and on the Internal Dispute Resolution Procedure	100%	Has now been included as part of the administration update report from July 2025
5	The preparation of an Annual Governance Review be included in the role of the Independent Advisor and that the proposed form of this be reported to and approved by the PCB to enable an Annual Review to be prepared.	100%	This is now an expected role of the independent advisor. The next annual governance review scope to be presented at the March 2026 meeting.
6	Confirm to PCB ability to comply with new 2024-25 Annual Report requirements.	0%	Officers understand the new requirements and will be reflected in the draft annual report that will be

			presented in September.
7	A comprehensive Medium Term Business Plan incorporating an Annual Plan and including a Medium Term and detailed Annual Budget	25%	A preliminary framework has been produced (Item 3) but extracting granular transactional data from the finance system is a manual process and time consuming. Work is on-going to improve the process to allow for automated reporting as opposed to manual intervention.
17	A Standing Item “Breaches of the Law” is added to the PCB Agenda	100%	Has now been added as a standing item to all future agendas. If no breaches are reportable, a verbal update will be provided. If there has been a breach of law, a full covering report will be provided.
23	The Haringey Fund, as appropriate, actively engage with the London CIV and other London LGPS Funds to develop new London CIV investment products.	50%	Officers have been in discussion with LCIV and other London funds discussing the work on the Responsible Investment Matrix.
24	Where circumstances warrant the Haringey Fund consider the possible utilisation of new services, except for Strategic Investment Advice, which may going forward be offered by the London CIV.	50%	Officers have been in discussion with LCIV to explore other services that they can offer. Meetings are on-going and the Pensions Committee and

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			Board will be kept up to date with outcomes.
25	Annually the London CIV be requested to present to the PCB on it's Governance and Business Management arrangements and activity	100%	LCIV to be invited to the Pensions Committee and Board September meeting

6.4. Implementation of the recommendations will require adequate resource within the Pensions Team and a full review of existing resource will be conducted to meet the additional needs of this work.

6.5. Officers will continue to update the PCB on the progress of the implementation of the recommendations at future meetings and any potential issues that arise that may impact the implementation plan.

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)

<u>Finance and Procurement</u>

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

<u>Director for Legal and Governance [Fiona Alderman]</u>

9.2. The Director for Legal and Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

<u>Equalities</u>

9.3. Not applicable.

10. Use of Appendices

10.1. Appendix 3: Governance Review Plan

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

Governance Review Implementation Plan

Reccomendation	Description	PROGRESS	START	END	Comments
Fundamental and Urgent					
Number 6	Confirm to PCB ability to comply with new 2024-25 Annual Report requirements.	0%	1/7/25	30/9/25	To be added to September 2025 PCB meeting agenda when the draft annual report is presented.
Number 7	A comprehensive Medium Term Business Plan incorporating an Annual Plan and including a Medium Term and detailed Annual Budget	25%	1/7/25	31/7/25	To be added as an agenda item for the July 2025 PCB meeting for approval
Number 8	A report to provide a process to comprehensively implement the 2022 Training Policy is prepared and presented to the PCB	100%	1/7/25	31/7/25	To be added as an agenda item for the July 2025 PCB meeting for approval
Number 10	A Pension Fund Risk Policy is prepared for consideration and approval by the PCB	0%	1/9/25	30/9/25	To be added as an agenda item for the September 2025 PCB meeting for approval
Number 11	The Risk Management Process is reviewed and revised to implement a Risk Management Cycle in accordance with the CIPFA Managing Risk in the LGPS Guidance of 2018	0%	1/9/25	30/9/25	To be added as an agenda item for the September 2025 PCB meeting for approval
Number 12	The Risk Register is redesigned with Risks listed under the seven headings in the CIPFA Managing Risk in the LGPS Guidance of 2018	0%	1/9/25	30/9/25	To be added as an agenda item for the September 2025 PCB meeting for approval
Number 13	A report is prepared and submitted to the PCB covering the nature and documentation of the Pension Fund's Internal Controls for their review	0%	1/9/25	30/9/25	To be added as an agenda item for the September 2025 PCB meeting for approval
Easily Implementable					
Number 1	That the approval of Admission Agreements that relate to organisations that are taking responsibility for a service or assets by means of a contractual arrangement (sometimes referred to as Transferee Admission Bodies) is delegated by the Pensions Committee and Board to the Council's Section 151 Officer who may further delegate this function to such Officers as he/she considers appropriate	0%	1/7/25	31/7/25	To be added to the September 2025 administration agenda given the number of items already on the July report
Number 2	Each Agenda of the Pensions Committee and Board include an Item called "Declarations of Interest and Conflicts of Interest	100%	1/7/25	31/7/25	Wording amended from March 2025 meeting

Number 4	Going forward the regular Pensions Administration Report, to the Pensions Committee and Board, include specific information in relation to the Collection of Employer and Employee Contributions and on the Internal Dispute Resolution Procedure	100%	1/7/25	31/7/25	Has now been included as part of the administration update report from July 2025
Number 9	The Training Session which was previously usually held at 6.00pm before the PCB be reinstated.	100%	20/3/25	20/3/25	Implemented from the March 2025 PCB meeting
Number 17	A Standing Item “Breaches of the Law” is added to the PCB Agenda	100%	1/7/25	31/7/25	To be added as a standing agenda item from the July 2025 meeting
Number 26	When the Investment Consultancy and Actuarial Contracts are next tendered a condition is issued, if possible, by the Haringey Fund that stipulates that the same organisation will not be eligible for appointment as both Investment Consultant and Actuary.	100%	1/3/25	31/3/25	Reccomendation implemented and will be a consideration for future contracts
To be implemented from 2025-26					
Number 3	Following assessment by the Pension Fund, utilising the Hymans Robertson TPR General Code of Practice Compliance Checker, the PCB receive a report on the outcomes including proposals for any necessary resulting actions.	0%	1/11/25	30/11/25	To be added as an agenda item for the December 2025 PCB meeting for approval
Numner 5	The preparation of an Annual Governance Review be included in the role of the Independent Advisor and that the proposed form of this be reported to and approved by the PCB to enable an Annual Review to be prepared for 2024-25 and subsequent years.	100%	1/1/26	28/2/26	To be added as an agenda item for the March 2026 PCB meeting for approval
Numner 14	The Pension Fund have a separate and specific Internal Audit Plan (which includes a focus on Pensions Administration issues) and that the PCB receive this Plan, the findings and recommendations of individual Audits, and an Annual Report from Internal Audit.	0%	1/1/26	28/2/26	To be added as an agenda item for the March 2026 PCB meeting for approval
Number 15	The Conflicts of Interest Policy for Pensions Committee and Board Members be reviewed during the Financial Year 2025-26.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 16	A Haringey Pension Fund Conflicts Policy in the context of managing a Pension Fund within the Local Authority environment, is prepared during the Financial Year 2025-26.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 18	The Procedure for Reporting Breaches of the Law is reviewed during the Financial Year 2025-26.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 19	A future meeting of the Investment & Governance Working Group considers the Investment Governance process.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle

Number 20	A process to improve the review and monitoring of Private Market Investments is implemented when practical.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 21	Investment Monitoring Meetings involving Officers/the Independent Advisor and the Fund's Investment Managers recommence when practical.	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 22	The Fund Communications Policy be reviewed in 2025-26	0%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 23	The Haringey Fund, as appropriate, actively engage with the London CIV and other London LGPS Funds to develop new London CIV investment products.	50%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 24	Where circumstances warrant the Haringey Fund consider the possible utilisation of new services, except for Strategic Investment Advice, which may going forward be offered by the London CIV.	50%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle
Number 25	Annually the London CIV be requested to present to the PCB on it's Governance and Business Management arrangements and activity	100%	1/4/25	28/2/26	To be reviewed and brought to PCB in the 2025/26 meeting cycle

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Agenda Item 13

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: LGPS Consultation Fit for the future outcome

Report authorised by: Taryn Eves, Director of Finance (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@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 sets out the background to the Fit for the future consultation response and highlights the key areas that the Pensions Committee and Board will need to be aware of and consider the implications to the Pension Fund.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note the contents of this report. Members are invited to consider the information presented, raise any questions or comments, and provide feedback as appropriate. This report is intended to inform future discussions, and ensure Members remain fully engaged with the developments of pooling.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Government's May 2025 response to the LGPS Consultation confirmed that most proposals—including a new Pooling model—will be implemented with minimal changes, despite mixed feedback, particularly on pooling.

6.2. The number of LGPS Pools will be reduced from eight to six, with ACCESS and Brunel to be dissolved. Their 21 member Funds must agree to join another Pool by 30 September 2025.

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6.3. The Pension Schemes Bill, issued in June 2025, grants the Secretary of State broad powers to direct both Pools and Funds, including investment decisions and potential compulsory fund mergers.

6.4. While no legal changes have yet taken effect, the Government aims to implement the new regime by March 2026, with draft regulations and guidance to follow.

6.5. Success of the new arrangements depends on strong, collaborative governance between Pools and Funds. London LGPS Funds, in particular, must proactively review and strengthen their oversight of the London CIV.

Pooling outcomes

6.6. The Government will implement key pooling reforms as proposed, including mandatory delegation of investment implementation to Pools, transfer of all assets to Pool management, and requiring Pools to be FCA-regulated investment companies. Administering Authorities (AAs) must also take principal investment advice from their Pool.

6.7. While all assets must be managed by the Pool, the Government made a limited concession by not requiring all listed assets to be in pooled vehicles – however this is expected to apply mainly to Northern LGPS. Pools will control tactical asset allocation, manager selection, stewardship, and ESG approaches, with minimal bespoke arrangements for individual AAs.

6.8. Despite strong opposition, the Government reaffirmed the March 2026 implementation deadline. ACCESS and Brunel Pools will be dissolved, and their 21 member Funds must join another Pool. London CIV and five other Pools are expected to meet new standards by that date.

6.9. The Pension Schemes Bill will give the Secretary of State broad powers over Pools and Funds, including directing investment decisions and enforcing fund mergers. A strong governance framework and collaboration between Pools and their member Funds will be essential for successful implementation.

Local Investment outcomes

6.10. Administering Authorities (AAs) must define their approach to local investment in their Investment Strategy Statement (ISS), including a target range, alignment with local economic priorities, and collaboration with Strategic Authorities (e.g., the Greater London Authority) to identify opportunities. They must also report annually on the extent and impact of local investments.

6.11. The Pension Fund will continue to develop its Responsible Investment Policy and will engage with LCIV on the development to ensure that the agreed levels of tolerance and investment engagement can be achieved.

6.12. Pools will be responsible for conducting due diligence, making final investment decisions, and managing local investments. They will also be required to report on the total value and impact of local investments, which are broadly defined as those within the AA's or Pool's region.

Fund governance outcomes

6.13. The Government will implement most proposals from the 2021 Scheme Advisory Board Good Governance Review, including appointing a senior LGPS officer, publishing an administration strategy, and ensuring appropriate knowledge and training for committee members and officers.

6.14. Administering Authorities (AAs) must undergo an independent governance review every three years (not two as originally proposed) and appoint an independent advisor without voting rights, rather than an independent committee member.

6.15. The Government reaffirmed that pension fund budgets must be set independently from the wider authority's budget and not be subject to general resource constraints, with formal guidance to follow. Which is being implemented by the fund with the development of the Business Plan.

6.16. The Pension Schemes Bill includes powers for the Secretary of State to regulate governance reviews and enforce these changes, reinforcing the Government's commitment to stronger LGPS governance.

Pool governance outcomes

6.17. The Government will not mandate a single model for Pool Board governance or shareholder representation, instead working with the Scheme Advisory Board (SAB), Pools, and Administering Authorities (AAs) to develop flexible guidance.

6.18. While Scheme Member representation on Pool Boards is not required, Pools and AAs must ensure members' views are considered and publish a policy outlining how this is achieved, with best practice guidance to follow.

6.19. The Government will collaborate with the SAB to create guidance on Pool reporting, focusing on transparency and accountability, including cost and performance metrics.

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.

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

<u>Finance and Procurement</u>

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

<u>Director for Legal and Governance [Fiona Alderman]</u>

9.2. The 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 4: Haringey Independent advisors LGPS fit for the future paper

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

JOHN RAISIN FINANCIAL SERVICES LIMITED

Haringey Pension Fund

LGPS Consultation "Fit for the future" outcome and related matters

A paper by the Independent Advisor
July 2025

Introduction

On 14 November 2024, the Government issued a major Consultation on the future of the LGPS "**Local Government Pension Scheme (England and Wales): Fit for the future"** This Consultation closed on 16 January 2025.

The Consultation made proposals relating to three major areas:

- Pooling
- Local Investment
- Governance of Funds and Pools

The Consultation proposed a major compulsory shift of investment function from LGPS Funds to the Pools and consequently a wholly new Pooling model. However, it also indicated an intention by Government to much more closely oversee, monitor, and scrutinise Pools going forward. The Consultation also clearly encouraged/suggested a reduction in the number of Pools from the existing eight to a lower number. In addition to considering the proposals in the Consultation Pools were invited to submit a separate proposal as to how they would deliver the proposed Pooling model. On 2 December 2024, a letter was issued to all Pools asking them to submit proposals for their future. All eight Pools responded with proposals that they continue in the context of implementing the proposed new Pooling model.

In respect of Local Investment there were proposals to boost LGPS investment in their localities and regions. These included requiring Administering Authorities to work with their relevant regional authority (the Greater London Authority in the case of London LGPS Funds) to identify local investment opportunities and for Pools to develop the capacity to carry out due diligence on local investments.

In respect of the Governance of Funds and Pools there were, in particular, notable proposals to strengthen the governance of LGPS Funds primarily derived from the recommendation of the Scheme Advisory Board Good Governance Review which concluded in 2021.

Fit for the Future – overview of the overall outcome and related matters.

On 29 May 2025, the Government announced the outcome of the Consultation when it issued **"Local Government Pension Scheme (England and Wales): Fit for the future government response."** A total of 220 responses had been received from stakeholders including from all 86 Administering Authorities (LGPS Funds) and all 8 Pools. Overall *"Responses to the proposals on pooling were varied…There was strong support for the proposals on local investment…The proposals on fund governance were welcomed* (See Government response/Consultation outcome Paragraphs 6, 7, 8).

In essence the Government announced that it intended to implement most of the proposals in the original Consultation with very limited change. Notably the proposals regarding the new Pooling regime were little altered despite some significant adverse responses from respondents to the November 2024 Consultation.

In connection with the Consultation the Government announced, in early April 2025, through individual letters to each of the eight existing Pools, that the number of LGPS Pools was to be reduced from eight to six. The ACCESS and Brunel Pools are to be abolished and the twenty one LGPS Funds who are members of these Pools will be required to join another Pool and have been asked to agree this in principle with a Pool by 30 September 2025.

Paragraph 12 of the Consultation response stated *"The minimum standards for pooling will be introduced in the Pension Schemes Bill. Subsequent regulations and statutory guidance will provide further detail on implementation."* On 5 June 2025, the Government issued the Pension Schemes Bill which will in time become the Pension Scemes Act. This Bill proposes that the Secretary of State have wide ranging powers to issue regulations to clearly direct both Pools and LGPS Funds. For example Section 1(2)(c) provides for *"imposing requirements or prohibitions on asset pool companies"* while Section 1(2)(e)(iii) provides in (undefined) prescribed circumstances to give a direction to a Pool *"requiring it to take, or not to take, a specified decision in carrying out any specified investment management activities."* Therefore, it is clearly not the case that the Government is simply transferring control over LGPS investments from the individual LGPS Funds to the Pools. Rather the Pools will ultimately make most LGPS investment decisions but only within whatever framework the Government may decide from time to time. Ultimately the Pension Schemes Act when passed will enable Government to easily change the arrangements relating to Pools/LGPS investment arrangements going forward. The Act will also give the Secretary of State broad powers relating to governance reviews of individual LGPS Funds and to require the *"merger (including compulsory merger) of two or more separate pension funds"* should he/she so decide. The provisions within the Bill if enacted will hugely reduce the chances of successful legal challenges against the consequent LGPS Regulations/Statutory Guidance going forward.

It must be stressed that with regard to the actual investment and governance frameworks of the LGPS absolutely nothing has yet actually changed and legally cannot until appropriate legislation has been passed (the Pension Schemes Bill becoming an Act and necessary accompanying Regulations/Statutory Guidance issued). However notwithstanding this (and the possibility of the House of Lords seeking to suggest some mitigation to the extensive powers of direction provided to the Secretary of State in the Pension Schemes Bill) there seems little doubt that the new investment and governance regime now proposed by the Government will come into effect. The Government's stated timescale for implementing the new Pooling arrangements remains March 2026. To facilitate the (quicker) implementation of the new arrangements *"The government's intention is to lay regulations and guidance to come into force at the same time as the powers in the Pension Schemes Bill. We will consult on draft regulations in due course."* (Paragraph 26 Consultation outcome).

Given both the proposed new investment arrangements relating to the LGPS and the powers that the Pension Schemes Bill proposes be given to the Secretary of State it is absolutely essential that **both** Pools and LGPS Funds work positively and constructively within a sound and robust overall Pool governance framework. It is therefore clearly noteworthy that Paragraph 258 of the Consultation outcome states *"The government will not … require a specific model of pool governance, but will work with the SAB, pools and AAs to develop guidance on ensuring that governance works for pool shareholders and clients."* In addition, individual LGPS Funds should positively implement the new Fund governance arrangements set out in the *Fit for the future* outcome. Only by adopting such approaches can the new (and significantly amended) LGPS arrangements potentially be successful for stakeholders and in particular Administering Authorities, Employers, and individual Scheme Members. A positive relationship between Pools and their member LGPS Funds (who also own the Pools) is now absolutely essential. This must be based on and supported by a sound Pool governance framework. As already implied the manner in which the London CIV works with, is overseen and held to account in the future is a matter which needs to be given extremely careful consideration and attention by the 32 London LGPS Funds. This should commence well before the transfer of investment responsibilities from the LGPS Funds to the Pool as proposed by the "Fit for the future" government response/outcome and the passing of the Pension Schemes Bill into law.

<u>Fit for the Future Consultation – Pooling outcomes.</u>

With regard to investment Pooling Paragraph 10 of the Consultation outcome states *"The following proposals will be implemented as consulted upon:"*

- Administering Authorities (AA) to delegate the implementation of their Investment Strategy to the Pool (in line with the illustration at Figure 1 of the response). The Investment Strategy as set by the AA may include a high-level strategic asset allocation (SAA) no more detailed than the template in Figure 3 of the response.

- Requirement for AAs to take their principal investment advice from the pool.

- Requirement for Pools to be established as investment management companies authorised and regulated by the FCA, with the expertise and capacity to implement investment strategies.

- Requirement for AAs to transfer all assets to the management of their Pool.

Despite significant concerns from respondents to the Consultation the Government has determined to implement almost all its Consultation proposals relating to Pooling as originally proposed. The only notable concession is that the Government will not now require all listed assets to be invested in pooled investments - *"The government therefore no longer intends to require that all assets are invested in pooled investment vehicles. Instead it will require that all LGPS investments, listed and unlisted, are transferred to the management of the pool…The government's strong expectation is that the default position will be management through pooled or collective investment vehicles, with the vast majority of assets managed in this way…"* (Paragraph118). This is however a concession that seems likely to have been made primarily to assist the Northern LGPS Pool (based on interpretation of Paragraph 117) as it transitions to become a FCA regulated and authorised Pool, but which likely has very limited application elsewhere.

Therefore, most responsibility for LGPS investment issues will pass from the individual LGPS Funds to their Pool. The SAA template which will be included in future Statutory Guidance is extremely high level giving only very limited discretion to the Administering Authority – for example the line for Listed equity is not at all further divided while the line for UK Government bonds does not distinguish between index linked and nominal gilts (see Paragraph 88 Figure 3). Tactical asset allocation, investment manager selection (and monitoring/dismissal), and investment stewardship will be wholly Pool decisions (see Paragraph 50 and Figure 1). Furthermore Paragraphs 57 and 70 make it clear that decisions regarding the use of active or passive investment and what index to track will also be Pool decisions. Paragraph 71 states *"In order to enable the pool to invest at scale it is important that pools are not expected to create bespoke arrangements for each AA's ESG and RI requirements"* Paragraph 71 urges LGPS Funds and their Pool "…*to reach a common approach…"* But concedes *"this will not always be possible…In these cases pools may need to consider alternative options such as offering more than one ESG standard…"* However, Paragraph 71 concludes with the statement "The *government…does not expect to see bespoke arrangements for each AA."*

Notwithstanding very significant opposition and strong arguments from respondents to the Consultation (see Paragraphs 90 and 91), going forward LGPS Funds will be required to take their principal investment advice from their Pool. Indeed Paragraph 94 of the Consultation outcome makes it absolutely clear that the Government intends that Pools will be the principal source of investment advice for LGPS Funds and that this function will be transferred from any Investment Consultant presently appointed by an individual LGPS Fund (Mercer in the case of Haringey) to the relevant Pool (London CIV in the case of Haringey) Paragraph 94 states *"…The government recognises that there will be situations where AAs may feel that the advice of pools needs supplementing with or testing against advice from other sources, however the government is clear that these cases should be exceptional rather than routine. In the vast majority of circumstances the pool should be the sole source of the AA's investment advice."*

The Consultation of November 2024 proposed March 2026 as the indicative timeline for the implementation of the proposed new Pooling model. Paragraph 138 of the Consultation outcome states *"There were 175 responses to this question, of which 5% were supportive of the proposal and 65% were opposed."* Notwithstanding these responses Paragraph 142 states *"The government has carefully considered the proposed implementation timeline in the light of responses but has concluded that meeting this the March 2026 deadline is critical to drive progress in the scheme, and to minimise the period of disruption…"* It should also be noted that on 12 May 2025 the Chair (Cllr Roger Philips) and Vice Chair (Jon Richards, Unison Assistant General Secretary) signed a letter to the Treasury and MHCLG which made an *"urgent request"* for an extension of the March 2026 timescale which had been reiterated by the Government in the letters sent to the Pools in early April 2025.

Paragraph 145 confirms the decision notified to the eight existing Pools, in early April 2025, that only six Pools will continue and that the LGPS Funds in the other two Pools (ACCESS and Brunel) will need to join another Pool. These individual letters confirmed that Border to Coast, Local Pension Partnership (LPP), LGPS Central, London Collective Investment Vehicle will continue as FCA regulated entities. Northern LGPS and Wales Pension Partnership will continue on the basis that they become FCA regulated entities.

Paragraph 146 states *"The governments expectation is that, for all asset pools that are continuing with their existing partner AAs, the minimum standards and all other requirements will be met by the end of March 2026…"* Therefore given, (it is widely believed), the London CIV is not expected to increase its number of LGPS Funds March 2026 is the deadline that the London CIV and its 32 LGPS Funds (including Haringey) are expected to achieve. Paragraph 147 states that *"For those AAs seeking a new asset pool and for pools taking on new partner AAs, the government expects the deadline to be adhered to as closely as possible…"* It is widely believed that the Local Pension Partnership, Border to Coast and LGPS Central are the Pools most likely to be joined by any of the twenty one LGPS Funds presently in the ACCESS and Brunel Pools.

Fit for the future Consultation – Local Investment outcomes.

The proposals on local investment were overall positively received by respondents and will be implemented almost as consulted upon. Based on Paragraph 13 of the Consultation outcome they may be summarised as:

- A requirement on AAs to set out their approach to local investment, including a target range in their Investment Strategy Statement (ISS) and to have regard to local growth plans and local economic priorities in setting their ISS.

- AAs to work with the relevant Strategic Authorities (which for London is the Greater London Authority) to identify suitable local investment opportunities.

- Pools to develop the capability to carry out due diligence on local investment opportunities and to take the final decision on whether to invest, and to manage those invested in.

- AAs to include commentary in their Annual Report on the extent and impact of local investments.

In addition (see Paragraph 14) following consideration of Consultation responses Pools will also be required to report on total local investments made and their impact.

Paragraph 173 of the Consultation outcome states that local investment *"…should be defined as broadly local or regional to the AA or pool…"* This is in line with the definition proposed in the November 2024 Consultation. For the Haringey Fund therefore local investment includes investments in the Greater London area.

Fit for the future Consultation – Fund governance outcomes.

With regard to the overall approach in the Consultation whereby the Government put forward measures building on the Scheme Advisory Board 2021 Good Governance Review 86% of respondents commented positively.

Paragraphs 15 and 16 of the Consultation outcome confirm that most of the original proposals will be implemented but that, taking account of Consultation responses received, there will be some changes including to the proposals on the independent governance review and independent advisor. The proposal to be implemented as originally proposed include

- *"Requirement to appoint a senior LGPS officer with overall delegated responsibility for the management and administration of the Scheme."*

- *"Requirement to prepare and publish an administration strategy."*

- *Requirement for pension committee members, the senior officer, and officers to have the appropriate knowledge and understanding for their roles…"*

- *Requirement for AAs to set out within their governance and training strategy how they will ensure that any committee…or officer will meet the new knowledge requirements within a reasonable period from appointment"*

- *Requirement for AAs to participate in an independence governance review and, if applicable, produce an improvement plan to address any issues identified."*

However, in light of the Consultation responses Government has made some clear changes to the initial proposals including:

- *"…an independent governance review to take place once in every three-year period rather than every two years…"*

- *"require AAs to have an independent advisor without voting rights, rather than an independent member of the committee"*

A very clear statement is made regarding the Pension Fund Budget at Paragraph 217 which states *"The government's view is that pension fund budget-setting should be seen as separate from that of the AA as a whole and should not be subject to resource restrictions which may apply across other functions. The government intends to set this out in guidance."*

With regard to the proposed independent governance review the Consultation outcome states (see Paragraphs 229 and 231) that taking account of Consultation responses these will be required every three years rather than every two as originally proposed. Paragraph 234 states *"The government intends to take a new power in the Pension Schemes Bill to make regulations relating to the independent governance review."* The Pension Schemes Bill as published on 5 June 2025 includes, at length, such powers in Section 4.

The November 2024 Consultation sought views on securing independent expertise through a person to provide support across investment strategy, governance, and administration. Having considered responses Paragraph 251 of the Consultation outcome states *"The Government has concluded that AAs should be required to have an independent advisor without voting rights rather than an independent member, as some funds already do…"*

<u>Fit for the future Consultation – Pool governance outcomes.</u>

The November 2024 Consultation proposed that Pool Boards *"include one or two representatives of shareholder AAs."* In the light of responses Paragraph 256 of the Consultation outcome states "*The government has concluded that it is not necessary to impose a single model for how pool shareholders should be represented on the board, recognising that different models will work for different pools and partner AAs…"* and Paragraph 258 states *"The government will not therefore require a specific model of pool governance, but will work with the SAB,* *pools and AAs to develop guidance on ensuring that governance works for pool shareholders and clients."*

While not requiring that individual Scheme Members are represented on Pool Boards the Government has stated at Paragraph 267 that *"…The government has concluded pools and AAs should work together to ensure members' views are understood and taken into account by the pools, and should publish their policy on how this is done. We will work with the SAB to highlight good practice and provide guidance."*

With respect to reporting by Pools the Consultation outcome includes at Paragraph 273 the statement "*The government will work with the SAB to develop guidance on pool reporting to support transparency and accountability…including on cost and performance metrics. The government will continue to engage with the pools, AAs, and other users of these metrics in the development of this guidance."*

Conclusion

The Consultation outcome issued on 29 May 2025 together with the Pension Schemes Bill provide clarity regarding the Government's intentions relating to the reform of the LGPS. This includes that the new Pooling standards be met by March 2026 including the transfer of investment responsibilities from the individual LGPS Funds to their Pool. The provisions within Pension Schemes Bill, however, provide a framework, which if enacted, will give the Secretary of State clear and extensive powers to direct both Pools and individual LGPS Funds going forward.

John Raisin

8 July 2025

Agenda Item 14

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: LGPS McCloud Determination

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officers: Jamie Abbott, Head of Pensions
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. Provides background to the McCloud case, the implementation timings, and the determination decision that authorities can take.

1.2. Contains a draft determination to extend the McCloud implementation for certain qualifying members and sets out the steps that will be taken following a determination.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. Agree that the McCloud remedy should not be reflected in qualifying members' annual benefit statements for 2024/25 (where applicable) and that the McCloud implementation phase to be extended to 31st August 2026 for all qualifying members.

3.2. Agree that, where a determination is made for a member and they receive an Annual Benefits Statement (ABS) for 2024/25, they be informed of the determination and the reasons for it in the ABS.

3.3. Agree that, where a determination is made for a member and they do not receive an ABS for 2024/25, the website be updated so that members in this category are informed of the determination.

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

McCloud Discrimination

6.1. In 2014 and 2015, the Government introduced reforms to public service pension schemes, like the LGPS, to make them more sustainable and affordable. This included a range of changes, such as the move to a career average benefit structure (from the prior final salary structure) and changes in the normal pension age. Older members of these schemes who met certain qualifying criteria were protected from the impacts of the changes.

6.2. Following legal challenges, in December 2018, the Court of Appeal found (in the case known as 'McCloud') that the protections given to older members of public service pension schemes earlier in the decade constituted 'unlawful discrimination' against younger members of the schemes. In July 2018, the Government confirmed that it would take steps to resolve the discrimination.

6.3. The Pension Fund has commissioned an independent report to assess the progress of the McCloud Project to date, including a comprehensive analysis of the implications of making a determination. The full report is provided in Appendix 6

LGPS Remedy

6.4. In September 2023, the UK Government amended LGPS regulations to extend the McCloud remedy, applying the 'underpin' protection to younger members who were previously excluded, ensuring they receive the better of career average or final salary benefits for service between 1 April 2014 and 31 March 2022.

6.5. Implementing the remedy has been a complex and large-scale task due to the retrospective nature of the changes, the intricacy of comparing benefit schemes, and the vast number of affected members.

Implementation and 'determination' power

6.6. Due to the complexity of implementing the McCloud remedy, the Government has defined a 'McCloud Implementation Phase' (MIP), which is set to end on 31 August 2025, but can be extended to 31 August 2026 through a local 'determination'.

6.7. A determination can be made for individual or groups of members if deemed reasonable in all the circumstances, allowing more time for remedy work where necessary.

6.8. While extensions may help with implementation, authorities must balance this with the fact that affected members have experienced unlawful discrimination and the Government expects most remedy work to be completed by 31 August 2025.

6.9. Haringey Pension Fund is not able to meet the 31 August 2025 deadline for the reasons set out in the report below and is now working towards the August 2026 deadline. Officer consider this to be a material breache in the law that will need to be reported to the Pensions Regulator. The statement issued by the Pensions Regulator on 18 June 2025 was considered when making this decision.

Challenges

6.10. Table 1 outlines the key challenges the Pension Fund has faced when implementing the McCloud Remedy.

Table 1 – Implementation Challenges

Issue	Description of impact
Scale and complexity	The McCloud remedy is a major project, with the Government estimating 1.8 million LGPS (E&W) members are affected. Final regulations were only implemented in the month before the remedy became effective. The calculations are highly complex and affect most LGPS benefits. The retrospective nature of the remedy means a large number of calculations have to be revisited to determine where additional benefits are due. The fund has limited experience at the level required to understand and process these calculations manually, as set out in the ‘resource’ section below.
Resourcing	The ongoing governance and administration duties of the pension fund remain substantial, limiting the capacity to focus on major one-off projects like McCloud, especially alongside other initiatives such as the Dashboard and TPR’s general code. Staff turnover has created significant resourcing challenges, including hard-to-fill vacancies at leadership levels, impacting the Fund’s ability to allocate skilled personnel to the McCloud project. An apprenticeship program has helped fill some gaps, but it has required substantial senior staff

	involvement for setup and training, further straining the availability of experienced resources for McCloud implementation. The Pension fund will be recruiting a Governance Manager, which is a new role within the team, by August 2025. The Governance Manager will be wholly responsible for project management and the wider governance of the fund to ensure the new deadline is met.
Administration software	The complexity and volume of McCloud remedy calculations make reliable, up-to-date software essential for implementation. Delays in finalising the remedy regulations led to late and staggered software releases, some of which have been unreliable. As a result, many calculations still require manual spreadsheet workarounds, with full automation not expected for some time. The Pension team are working closely with the system provider to resolve the outstanding issues to ensure a swift resolution and completion by the extended deadline.
Data Issues	Implementing the McCloud remedy requires historical data (e.g. hours and service breaks) from employers, which has been resource-intensive for both employers and the fund, especially in verifying and uploading the data. Where data is missing, the fund has had to make assumptions within set parameters, a time-consuming process that has contributed to project delays. The fund is using the LGPS NI database to identify qualifying members and plans to issue bulk

	communications by 30 July 2025 to collect data on other public pension service, allowing time for member responses before finalising records
Other national developments	The McCloud remedy is being implemented alongside major national LGPS developments, including the Pension Dashboard and TPR's General Code of Practice, which have stretched fund resources. The 2025 valuation, a statutory and resource-intensive process with tight deadlines, is currently underway and demands significant input from both administrators and fund management. Additional technical changes, such as the abolition of the lifetime allowance and adjustments to the normal minimum pension age, have required updates to workflows and software, further impacting capacity.
Local and other factors	The Fund completed several major projects alongside business-as-usual tasks, including implementing automated mortality screening (March–September 2023), transitioning employers to monthly data collection, and launching a proof of life project with biometric ID for overseas members in January 2024. Various communications initiatives were also undertaken, such as redesigning the annual report, pensioner newsletter, member forms, and updating the website for accessibility compliance. These additional projects have significantly strained the Fund's capacity, limiting its ability to deliver large-scale initiatives like the McCloud remedy. Now that the above projects have been finalised this will leave further

	resource to apply to the McCloud remedy new deadline of August 2026

Next Steps

6.11. Inform members a determination has been made in their 2024/25 ABS, if they are due to receive one, and explain that this means for their 2024/25 ABS it will not contain any information on McCloud. However, their 2025/26 ABS will contain McCloud information and increase to their pension as a result of the Remedy (if applicable).

6.12. Update the fund website to include a message that a determination has been made for some members, which will mean McCloud implementation work will continue up to 31st August 2026.

6.13. Progress the remainder of the McCloud remedy work for members where a determination has been made so that this can be concluded by 31st August 2026. All McCloud work is expected to be ‘business as usual’ by 1st September 2026.

6.14. Prepare and present a McCloud project timetable to the PCB at the September meeting and make this a standing paper at every subsequent meeting, ensuring project deadlines are met and the conclusion of the project is reached by the new deadline of 31st August 2026.

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.

Director for Legal and Governance [Fiona Alderman]

9.2. Director for Legal and Governance (Monitoring Officer) has been consulted on the content of this report and there are no legal implications.

Equalities

9.3. 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. Appendix 6 – McCloud Determination paper

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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LGPS McCloud determination – London Borough of Haringey Pension Fund

1. **Summary**

This paper:

- Provides background to the McCloud case, the implementation timings, and the determination decision that authorities can take.
- Provides a brief summary of the funds' expected progress on McCloud implementation by 31st August 2025.
- Sets out the challenges that the fund has faced in implementing the remedy.
- Contains a draft determination to extend the McCloud implementation for certain qualifying members.
- Sets out the steps that will be taken following a determination.

Recommendations

The Pensions Committee is recommended to:

- Determine that the McCloud remedy should not be reflected in qualifying members' annual benefit statements for 2024/25 (where applicable) and that the McCloud implementation phase should be extended to 31st August 2026 for all qualifying members, except where the McCloud remedy work has been concluded.

- Agree that, where a determination is made for a member and they receive an ABS for 2024/25, they be informed of the determination and the reasons for it in the ABS.

- Agree that, where a determination is made for a member and they do not receive an ABS for 2024/25, the website be updated so that members in this category are informed of the determination.

Background

McCloud discrimination

In 2014 and 2015, the Government introduced reforms to public service pension schemes, like the LGPS, to make them more sustainable and affordable. This included a range of changes, such as the move to a career average benefit structure (from the prior final salary structure) and changes in the normal pension age. Older members of these schemes who met certain qualifying criteria were protected from the impacts of the changes.

Following legal challenges, in December 2018, the Court of Appeal found (in the case known as 'McCloud') that the protections given to older members of public service pension schemes earlier in the decade constituted 'unlawful discrimination' against younger members of the schemes. In July 2018, the Government confirmed that it would take steps to resolve the discrimination.

LGPS remedy

After years of work on the McCloud remedy within Government, the Government made regulations to rectify the discrimination in the LGPS in September 2023. These regulations extended the 'underpin' to the younger members who were discriminated against. The underpin was the mechanism through which older members of the LGPS were originally protected. Members with underpin protection participated in the career average scheme, but the underpin meant their administrator would compare their new career average benefits against what they would have had in the old final salary scheme and give them an addition to make up any shortfall. It effectively gave them the best of both schemes for a period.

Applying the McCloud remedy in the LGPS has been a huge task, due to its complexity, the huge number of members who qualify and the fact it is being applied retrospectively to benefits already built up (underpin protection applied from 1st April 2014 to 31st March 2022 for most members).

Implementation and ‘determination’ power

Because of the significant implementation challenges, the Government has issued regulations and guidance setting out its views on when the remedy work must be concluded.

Under paragraph 9 of the McCloud implementation guidance, the Government define a ‘McCloud implementation phase’ (MIP). This is the period within which the Government say that the McCloud remedy implementation must be done. The default is that the MIP runs until 31st August 2025, but the Government have made regulations to allow this to be extended to 31st August 2026, through making a ‘determination’.

A determination can be made for individual members or classes of members and is a local decision. It can be used broadly or narrowly, but to make a determination to extend the MIP, an authority must consider it ‘reasonable in all the circumstances’ of a case.

Whilst making a determination may have benefits in the sense of giving authorities more time to implement the McCloud remedy, its use should be balanced with the following factors:

- Affected members have suffered unlawful discrimination and can expect that the McCloud discrimination should be resolved as quickly as possible.
- The Government’s guidance states that, in their view, most of the McCloud remedy work should be concluded by 31 August 2025. Whilst this does not legally change the scope of the determination power, it should be considered as a factor.

We believe there have been material breaches in the law that will need to be reported to the Pensions Regulator. The statement issued by the Pensions Regulator on 18 June 2025 was considered when making this decision.

2. Progress to date

There are a range of elements to the McCloud project that have been necessary to complete, or at least commence, before rectifying individual cases could begin. These have been an important part of the overall project which we have been working on:

- **Technical understanding** – the LGPS remedy is complex and applying the regulations to cases accurately has required acquiring an in-depth understanding of the detail of the remedy.
- **Project management** – due to the number of members affected and the variety of issues arising, careful project management has been necessary to ensure that the remedy is delivered efficiently.

- **Software** – the fund has been dependent on updates to software systems to be able to calculate benefits accurately and efficiently.
- **Data collection and verification** – the McCloud remedy has required the gathering of additional data for members from employers (particularly age 65 pay information for those remaining in active service after this), and the subsequent verification of this.
- **Undertaking qualifying checks** – the McCloud remedy has seen a significant broadening of the underpin qualifying criteria, meaning there is a requirement for a large-scale exercise to write out to members to identify details of their public service pension history.

Much of this work was not able to progress until Autumn 2023, when the final remedy regulations were made by the Government.

Since then, officers have been working to implement the McCloud remedy and, despite the challenges, have made progress, including:

- Since 01st October 2024, being able to reflect the McCloud remedy in the benefit calculations of members retiring.

3. Challenges

In implementing the McCloud remedy, the fund has experienced the following challenges that have impacted our ability to conclude all the McCloud remedy work by 31st August 2025.

Issue	Description of impact
Scale and complexity	The McCloud remedy is a major project, with the Government estimating 1.8 million LGPS (E&W) members are affected. Final regulations were only implemented in the month before the remedy became effective. The calculations are highly complex and affect most LGPS benefits. The retrospective nature of the remedy means a large number of calculations have to be revisited to determine where additional benefits are due. The fund has limited experience at the level required to understand and process these calculations manually, as set out in the 'resource' section below.
Resourcing	The business-as-usual requirements for the governance and administration of the pension fund are significant and these must still be completed, even with significant one-off projects like McCloud. This has limited our ability to dedicate resource particularly to McCloud (especially with the other projects which have been underway, such as Dashboard and TPR's general code of practice). The Fund has experienced significant resourcing challenges generally following a turnover of staff. This has resulted in vacancies, including at a team leader level, which have been difficult to fill. In order to address these challenges, an apprenticeship program has been set up. Whilst filling some vacancies with apprentices has improved the

	resourcing position, it has required senior resource to establish the program and develop training programs. Moreover, the apprentices are inexperienced, and senior resource is again diverted in order to assist with training and support. This has contributed to the overall lack of skilled resource available to dedicate to the McCloud project.
Administration software	The number of members affected and the complexity of the calculations means up-to-date software is a crucial part of implementing the McCloud remedy. Because the final remedy regulations were not finalised until so late, this has impacted on the availability of software capable of implementing the remedy. Software delivery itself has been very late and has been delivered in tranches; some updates have been less successful than others and have resulted in the requirement for manual spreadsheet workarounds. Many calculations are still not fully automated and are not expected to be for a period of time.
Data issues	Implementing the McCloud remedy requires additional data to be held for final salary calculations, and the fund has had to seek this from employers. This has been a highly resource intensive exercise for employers as they have had to collate and provide hours and service break data from their payroll systems, backdated over many years. This has also required significant work from our team in verifying and uploading this data to records. Where employers have been unable to provide the requested data, the fund has had to make assumptions regarding member's salary and service information. The process of reviewing the available data and making such assumptions within agreed parameters is a time intensive exercise and has exacerbated delays in the project overall. Steps to identify qualifying members have been taken through the use of the LGPS NI database to establish potential previous qualifying service. The fund is also in the process of producing and issuing bulk communications to members regarding previous service in public service pension schemes which could put them in scope of the McCloud remedy. The expected issue date of these communications is 30th July 2025, however we will need to allow members a reasonable response time before finalising their records.
Other national developments	The implementation of McCloud has come at a time of significant national developments in the LGPS which have limited fund resource for the McCloud remedy. The introduction of the Pension Dashboard and the issue of TPR's General Code of Practice in early 2024 are all highly significant developments that have had to be

	progressed alongside McCloud and the business-as-usual operations of the Fund. The 2025 valuation is currently underway. Undertaking the 2025 valuation is a statutory requirement with highly challenging timescales, and which requires significant resource, both from administrators and fund management. The abolition of the lifetime allowance and changes to the normal minimum pension age are also highly technical changes which have required amendments to workflow processes and software updates.
Local and other factors	The fund also begun the implementation of an automated mortality screening process, this project commenced March 2023 and required the system set up, testing and final sign off. This project was completed September 2023. In addition to business-as-usual responsibilities, in September 2023 the fund concluded a large and time-consuming project to move employers to monthly data collection. In addition, an external proof of life project for overseas members was conducted and biometric ID implemented as of January 2024. The Fund has also undertaken various communications projects including redesigning the annual report, pensioner newsletter, member forms and updating the fund website for accessibility compliance. These have put additional strain on the capacity of the business-as-usual pensions function to deliver large scale projects like McCloud.

4. Determination

The combination of the factors set out in the previous section has meant that the fund will be unable to conclude the McCloud remedy work for all qualifying members in the fund by 31st August 2025. Officers have therefore considered carefully the use of the determination paper contained in regulation 2(4)(b) of the Local Government Pension Scheme (Information) Regulations 2024, which is discussed further in paragraph 9 of the McCloud implementation statutory guidance.

Officers propose that the London Borough of Haringey Pension Fund determine that the McCloud remedy should not be reflected in annual benefit statements for the 2024/25 scheme year for all London Borough of Haringey Pension Fund members who qualify for the McCloud remedy.

It is also proposed that this determination would apply to qualifying members who are not due to receive an annual benefit statement in 2024/25 under regulation 89 of the 2013 Regulations. In line with paragraph 9 of the McCloud implementation guidance, this determination would extend the McCloud implementation phase for applicable members to 31st August 2026.

Officers consider this decision would be reasonable in all the circumstances and would allow the fund to focus efforts on implementing the McCloud remedy for the remaining groups by 31st August 2026.

5. Next steps

Following this determination, officers will take steps to:

- Inform members where a determination has been made in their 2024/25 ABS, if they are due to receive one, and explain what this means.
- Update the fund website to include a message that a determination has been made for some members, which will mean McCloud implementation work will continue up to 31st August 2026.
- Progress the remainder of the McCloud remedy work for members where a determination has been made so that this can be concluded by 31st August 2026. All McCloud work is expected to be ‘business as usual’ by 1st September 2026.

Agenda Item 15

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Haringey Pension Fund Risk Register

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officers: Jamie Abbott, Head of Pensions
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 Investment-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

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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 Governance-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

6.5. The risk register includes directional indicators for each risk, comparing them to the previous assessment. These indicators show whether a risk is improving or worsening based on relevant factors. The following symbols represent these changes:

- The risk is getting worse – the total risk score has increased.
- The risk score has remained the same
- The risk is improving – total risk score has decreased

Key identified risks

6.6. The Fund has identified several key risks of particular concern in the short to medium term. These have been summarised in the table below.

Table 1: Key Risks

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
INV9- Proposed changes to the LGPS (pooling)		MHCLG has issued their response on the 29th May 2025 to the Fit for the future consultation	Officers, in consultation with advisors, to work actively and collectively with LCIV.
AD7 - Increase in legislative and regulatory changes		The 2025 valuation, a statutory and resource-intensive process with tight deadlines, is currently underway and demands significant input	Officers, in consultation where required with fund advisors, will continue to monitor any regulatory changes and impacts this will have on the fund and provide any update

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		from both administrators and fund management. Additional technical changes, such as the abolition of the lifetime allowance and adjustments to the normal minimum pension age, have required updates to workflows and software, further impacting capacity.	to the Pensions Committee and Board as appropriate.
INV1 – Significant volatility in financial markets		Geopolitical conflicts continue to disrupt global markets, driving uncertainty in commodities, currencies, and investor sentiment. Political instability in the U.S. is contributing to inconsistent monetary policy signals, adding to global financial market unpredictability Central bank actions and inflation concerns are causing movements in interest rates and asset prices, increasing overall market volatility.	The Fund maintains a diverse investment portfolio which is expected to provide broad diversification benefits over the long term. 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.
INV5 - Adequacy of the London CIV's resources		With the outcome of the Fit For the Future consultation there will be an increase to the expected work undertaken by the pools. LCIV will need to expand their internal resource to meet the increased demand.	Officers regularly participate and contribute to various LCIV working groups. Increased interaction with LCIV in respect of their resourcing and their business plan in the lead up to March 2026 deadline
INV3 – ESG Risk		The Fund has faced increasing calls from various groups urging the PCB to review its responsible investment policies. Failure to do so could result in poor	The PCB is currently undertaking a thorough review of its responsible investment approach with the intention of establishing a framework for managing

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		investment performance as well as reputational damage.	responsible investment issues. Work is underway on the first draft of the Responsible Investment Policy for the fund, expected to be completed by end of 2025.

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

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

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

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

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

Finance and Procurement

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

Director of Legal and Governance

9.2. The Director for Legal and Governance has been consulted on the content of this report. Members should refer to the matters referred to in Table 1 of this report and the risks that these pose to the Pension Fund. Actions taken must not only manage but also mitigate the risk.

Equalities

9.3. Not applicable.

10. Use of Appendices

10.1. Appendix 7: Haringey Pension Fund Summary Risk Register

10.2. Appendix 8: Haringey Pension Fund Investment Risk Register

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

Appendix 2 Summary of Haringey Pension Risk Register

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.	10
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.	12
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.	12
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

Appendix 2 Summary of Haringey Pension Risk Register

INV1	Investments	Significant volatitility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainity.	16
INV2	Investments	Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates.	12
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 climated-related risks.	16
INV5	Investments	The adequacy of the London CIV's resources regarding investment manager appointments and ongoing monitoring of the investment strategy implementation.	16
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 and fund assumptions over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of approx £2m.	15
INV9	Investments	#N/A	#N/A
INV10	Investments	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	9
INV11	Investments	Strategic investment advice received from the investment consultants is inappropriate for the Fund	9

London Borough of Haringey Pension Fund Risk Register			
Investments			
Risk Ref	Risk Group	Risk Description	Risk Score
INV12	Investments	Financial failure of an investment manager leads to negative financial impact on the fund	8

INV13	Investments	High inflation is sustained over the long term leading to investment underperformance and higher costs for the Fund. The current Consumer Prices Index (CPI) inflation rate is 1.7%. Inflation has remained elavated for longer than initially anticipated.	12

London Borough of Haringey Pension Fund Risk Register			
Accounting			
Risk Ref	Risk Group	Risk Description	Risk Score
ACC1	Accounting	Risk of the Pension Fund's statement of accounts being delayed beyond statutory deadlines.	16
ACC2	Accounting	Internal controls are not in place to protect against fraud/misamanagement	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 montoring 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/Liabilitity			
Risk Ref	Risk Group	Risk Description	Risk Score

Appendix 2 Summary of Haringey Pension Risk Register

FL1	Funding / Liability	There is insuffiencient 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 1.7% in September 2024.	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 2025	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/Liabilitity			
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

Appendix 2 Summary of Haringey Pension Risk Register

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.	12
AD3	Administrative	Concentration of knowledge in a small number of officers and risk of departure of key staff.	12
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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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	Change
INV9	Investment Risk	Implementation of proposed changes to the LGPS (pooling) requires the fund to adapt its investment strategy	5	4	20	1) MHCLG has issued their response on the 29th May 2025 to the Fit for the future consultation.	**Tolerate** 1) Officers, in consultation with advisors, to work actively and collectively with LCIV	3	15	30/06/2025	
INV13	Investment Risk	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 1.7%. Inflation has remained elavated for longer than initially anticipated.	4	3	12	1) The Pension Fund's liability increases at the rate of CPI inflation. Officers regularly discuss the implications of inflation the Fund's actuary which helps inform the Fund's investment strategy. 2) Several of the Pension Fund's investment mandates are in inflation linked strategies such as property and renewable infrastruture. 3) The Pension Fund's investment consultant regularly provides advice to the Pensions Committee and Board on investment strategy including the impact of inflation on the Fund's investment performance.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board. 2) As part of the investment strategy review, the PCB will assess the impact of sustained higher levels of inflation on the investment portfolio's asset specific expected returns.	3	12	30/06/2025	
INV2	Investment Risk	Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates.	4	3	12	1) The Pension Fund holds a well-diversified investment portfolio that includes a mixture of growth and defensive assets. The factors that drive the expected returns of these assets differ under various economic conditions. 2) The PCB regularly reviews investment performance and the Pensions Fund's investment consultant regularly provides investment strategy advice.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board.	3	12	30/06/2025	
INV1	Investment Risk	Significant volatitility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainity.	4	4	16	1) Officers are actively engaging with the Fund's investment managers and advisors on an ongoing basis to assess the implications of the responses to the various geopolitical risks 2) The Pension Fund's investment consultant regularly provides advice to the Pensions Committee and Board on the Fund's investment strategy.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board.	3	12	30/06/2025	
INV3	Investment Risk	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 climated-related risks.	4	4	16	1) The Fund's entire listed equity allocation is invested in low carbon strategies. The RAFI Climate Transition Fund aims to reduces carbon emissions by 7% annually in line with the Paris-Agreement. 2) The Fund also has several investments in renewable energy infrastructure funds.	**Treat** 1) Officers and the Fund's investment consultants will continue to monitor developments in legislation, investment products and reporting requires, and where necessary, making the appropriate recommendations to the Pensions Committee and Board. 2) Work is underway on the first draft of the Responsible Investment Policy for the fund, expected to be completed by end of 2025.	3	12	30/06/2025	

INV8	Investment Risk	Investment managers fail to achieve benchmark/outperform targets and fund assumptions over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of approx £2m.	5	3	15	1) The Fund conducts a rigorious selection process to ensure that it appoints the most suitable investment managers based on available information during the tendering process of a new mandate. 2) Expert professional advice is provided by the Fund's investment consultant supporting manager selection and ongoing monitoring of performance. 3)The Fund's Custodian provides a manager monitoring service which is reported to the PCB on a quarterly basis. Recent performance shows that the Fund has outperformed the benchmark over the last year.	**Treat** 1) Officers to regularly monitor the Fund's investment performance and highlight any areas of concern to the Committee and Board when they arise.	2	10	30/06/2025	
INV6	Investment Risk	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	5	3	15	1) The Fund reguarly reviews it cashflow management strategy to ensure that increases in benefit payments are matched with contributions and income received from investments. 2) The Fund currently receives income from its private equity, multi-asset credit and property funds and has the option to increase income from existing investments in listed equities and multi-asset strategies.	**Treat** 1) Officers regularly monitor the Fund's cashflow position. 2) An annual cashflow review at fund level is undertaken by the Head of Pensions and utilised to inform the Fund's investment strategy.	2	10	30/06/2025	
INV5	Investment Risk	The adequacy of the London CIV's resources regarding investment manager appointments and ongoing monitoring of the investment strategy implementation.	4	4	16	**Tolerate** 1) The LCIV will be responsible under fit for the future for all future manager appointments, monitoring and dismissal. 2) The LCIV will need to add/require more resources, in light of their new responsibilities under fit for the future.	**Treat** 1) Officers regularly participate and contribute to various LCIV working groups. 2) Increased interaction with LCIV in respect of their resourcing.	3	12	30/06/2025	
INV7	Investment Risk	The Pension Fund's actual asset allocations move away from the strategic benchmark.	4	3	12	1) The Fund continually reviews its asset allocation and rebalances the portfolio in line with the Investment Strateguy Statement. The Fund's asset allocation is included as part of the PCB's quarterly update report. 2) The Pension Fund's passive equity investments are rebalanced by the investment manager based on pre-agreed thresholds.	**Treat** 1) Officers will regularly monitor the strategic asset allocation and make recommendations for any necessary adjustments.	2	8	30/06/2025	
INV10	Investment Risk	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	3	3	9	1) The Pension Fund's investment and funding strategy statements are regularly reviewed and discussed at the Pensions Committee and Board meetings. As at the last funding update, the Pension Fund is well funded. 2) The Pension Fund has appointed actuarial and investment consultants to provide advice on matters relating to investment and funding. 3) The PCB is presented with the Pension Fund's Annual report each year.	**Treat** 1) Officers to regularly monitor the Fund's investment performance and highlight any areas of concern to the Committee and Board when they arise. 2) Further training on investment strategy will be provided in the upcoming months	2	6	30/06/2025	
INV11	Investment Risk	Strategic investment advice received from the investment consultants is inappropriate for the Fund	3	3	9	1) The Fund has appointed Mercer, one of the largest global investment consultants, to provide strategic investment advice to the PCB. In addition to this, the fund has also engaged an experienced independent advisor to challenge/confirm investment strategy decisions. This ensures that the advice provided is subject to peer review to ensure that it is fit for purpose.	**Treat** 1) The investment consultant's objectives are set on a regular basis, and performance reviewed annually.	2	6	30/06/2025	

INV12	Investment Risk	Financial failure of an investment manager leads to negative financial impact on the fund	4	2	8	1) Officers receive and review internal control reports from investment managers on an annual basis. 2) The Pension Fund's investment consultants regularly reviews and assigns ratings to the Fund's investment strategies.	**Treat** 1) Officers to continue to work closely with the investment consultants and independent advisor to monitor the financial and operational performance of investments managers.	1	4	30/06/2025	

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Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Pension Fund Annual Training Plan

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@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 provides an update for the Pensions Committee and Board's consideration, regarding a Training Plan that outlines the learning and development framework for Pensions Committee and Board Members (PCB) and Senior Fund Officers of the Haringey Pension Fund for 2025/26. It aligns with the Training Policy approved in April 2022 and is structured around the eight Core Technical Areas defined in the 2021 CIPFA Knowledge and Skills Framework.

1.2. The report contains one appendix for the Pensions Committee and Board's consideration. Appendix 1 to this report, is a paper by the Independent Advisor which outlines the recommended approach for the Pensions Committee and Board plus senior fund officers to adopt regarding training.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note the Independent Advisor's report, appended as Appendix 1.

3.2. To approve the training plan for 2025/26 as set out in Appendix 1 to this report.

4. Reason for Decision

4.1. The delivery of effective and comprehensive training is essential to ensure that those responsible for the decision making and operation of the Pension Fund, have the necessary knowledge and skills to discharge their duties appropriately. This

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paper recommends that a training plan be agreed that references the eight Core Technical Areas identified in the 2021 CIPFA Knowledge and Skills Framework.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. On 22 April 2022, the PCB approved the “Training Policy for Pension Committee and Board Members, and Senior Fund Officers of March 2022”. This set out the Haringey Fund policy regarding Local Government Pension Scheme (LGPS) knowledge and skills in respect of Members of the Pensions Committee and Board and Senior Officers of the Fund.

6.2. As at July 2025 the Training Policy of 2022 remains applicable and valid. Since 2022 the CIPFA Pensions Knowledge and Skills Framework has not been updated. While The Pensions Regulator Code of Practice No14 (issued in 2015) was replaced in March 2024 by The Pension Regulator General Code of Practice the Knowledge and Understanding requirements in this are essentially derived from Code of Practice No 14 which was taken into account by CIPFA in preparing their CIPFA Local Pension Boards: A Technical Knowledge and Skills.

6.3. The report sets out the Annual Training Plan for the 2025/26 period and includes an overview of the Training Policy approved in 2022. It outlines the delivery approach for the 2025/26 training programme, the mechanisms for monitoring and review, and the reporting and compliance requirements. Additionally, it details the steps for developing the Annual Training Plan for 2026/27.

6.4. The Annual Training Plan 2025/26 has been developed with reference to the eight Core Technical Areas (CTAs) outlined in the 2021 CIPFA Knowledge and Skills Framework. Training delivery will be achieved through a blended approach, incorporating the Hymans Robertson LGPS Online Learning Academy (LOLA), the Pensions Regulator’s online Public Service Toolkit, and internal training sessions led by Officers, the Investment Consultant, Fund Actuary, Independent Advisor, and other external providers. Additional learning opportunities will be provided through relevant external training events.

Proposed Internal Training

6.5. Table 1 shows the internal training sessions that are proposed for 2025/26:

Date	Training
24 July 2025	Actuarial Valuation Training (CTA 3) - Fund Actuary.

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11 September 2025	Investment Training (CTA 6,7,8) – Investment Consultant/Independent Advisor.
1 December 2025	Annual Report, Accounting and Auditing (CTA 5) – Independent Advisor/Fund Officers.
17 March 2026	Pensions Administration and Communications (CTA 4) – Fund Officers.

7. Contribution to Strategic Outcomes

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 immediate financial implications arising from this report.

Comments of the Director of Legal and Governance (Monitoring Officer)

8.2. The Director of Legal and Governance has been consulted on the content of this report. The Training Plan will enhance the members and officers capacity to understand pension issues and enable members of the PCB to make informed decisions.

Equalities

8.3. Not applicable

9. Use of Appendices

9.1. Appendix 9:Haringey training policy July 2025

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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Appendix 1

JOHN RAISIN FINANCIAL SERVICES LIMITED

Haringey Pension Fund Annual Training Plan for Pensions Committee & Board Members, and Senior Fund Officers

July 2025

Introduction

This is the Annual **Training Plan** 2025-26 of the Haringey Pension Fund. This Plan applies to Pensions Committee and Board Members (PCB) and Senior Fund Officers and takes account of the requirements of the Training Policy approved by the PCB in April 2022. In accordance with the Training Policy this **Training Plan** references the eight Core Technical Areas identified in the 2021 CIPFA Knowledge and Skills Framework.

It also seeks to implement Recommendation 8 of the Pension Fund Governance Review which was received by the PCB in December 2024 which stated that *"A report to provide a process to comprehensively implement the 2022 Training Policy is prepared and presented to the PCP…no later than the first meeting of the PCB in 2025-26.* This paper has been prepared in response to that recommendation.

This Plan includes:

- An overview of the Training Policy approved in 2022.
- Annual Training Plan 2025-26 – Delivery,
- Annual Training Plan 2025-26 – Monitoring and Review
- Annual Training Policy 2025-26 Reporting and Compliance
- Preparation of the Annual Training Plan 2026-27

The 2022 Training Policy - overview

On 22 April 2022, the PCB approved the **Training Policy for Pension Committee and Board Members, and Senior Fund Officers of March 2022.** This set out the Haringey Fund policy regarding Local Government Pension Scheme (LGPS) knowledge and skills in respect of:

- Members of the Pensions Committee and Board.
- Senior Officers of the Fund.

This Policy was prepared taking particular account of the CIPFA Code of Practice on LGPS Knowledge and Skills 2021, which was also adopted by the Pensions Committee and Board on 22 April 2022. Particular account was also taken of the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021, and appropriate account of the CIPFA Local Pension Boards: A Technical Knowledge and Skills Framework 2015.

In accordance with the CIPFA requirements the Training Policy incorporates eight Core Technical Areas (CTA) where appropriate knowledge and skills should be achieved and maintained by Pension Committee Members and Officers. These are:

1. Pensions legislation and guidance
2. Pensions governance
3. Funding strategy and actuarial methods
4. Pensions administration and communications
5. Pensions financial strategy, management, accounting, reporting and audit standards
6. Investment strategy, asset allocation, pooling, performance, and risk management
7. Financial markets and products
8. Pension services procurement, contract management and relationship management.

The Training Policy includes the following statements specifically relating to new PCB Members and new Senior Officers:

- *Induction Training will be offered to anyone joining the Pensions Committee and Board, or becoming a Senior Officer of the Fund. This will be in a format determined by the Head of Pensions and Treasury. They will also be immediately provided with documentation that provides a basic understanding of the Fund and copies of or links to the Fund Strategies and Policies including the latest Annual Report & Accounts, and the latest Actuarial Valuation Report.*

- *In addition they must successfully complete (and provide evidence of this to Fund Officers) both all the modules of the Hymans Robertson LGPS Online Learning Academy and The Pensions Regulator (online) Public Service Toolkit. Both courses must be completed within 6 months of appointment.*

As at July 2025 the Training Policy of 2022 remains clearly applicable and indeed valid. Since 2022 the CIPFA Pensions Knowledge and Skills Framework has not been updated. While The Pensions Regulator Code of Practice No14 (issued in 2015) was replaced in March 2024 by The Pension Regulator General Code of Practice the Knowledge and Understanding requirements in this are essentially derived from Code of Practice No 14 which was taken into account by CIPFA in preparing their CIPFA Local Pension Boards: A Technical Knowledge and Skills

Framework 2015. Reference to the TPR (Code No14) is also made in the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021. Other developments in the LGPS since 2021-2022, for example in relation to Investment Pooling, can be covered within the Core Technical Areas identified by CIPFA. Consequently, at this time it is not considered necessary to formally revise the Haringey Training Policy for Pension Committee & Board Members, and Senior Fund Officers.

The term Senior Fund Officer was not defied in the 2022 Training Policy. However, it is proposed that Senior Fund Officers be defined as:

- The Head of Pensions (or equivalent role)
- The direct reports of The Head of Pensions
- The Section 151 Officer
- The Deputy Section 151 Officer

The CIPFA Pensions Knowledge and Skills Framework, and consequently, the 2022 Training Policy anticipate a higher level of knowledge and skills for Senior Fund Officers. Therefore, the opportunity – particularly for the Head of Pensions and his/her direct reports to study for nationally recognised qualifications should be available.

Annual Training Plan 2025-26 - Delivery

The Annual Training Plan 2025-26 is prepared with due consideration to the eight Core Technical Areas (CTA) identified in the 2021 CIPFA Knowledge and Skills Framework. Delivery during 2025-26 will be achieved through a combination of:

- The Hymans Robertson LGPS Online Learning Academy (LOLA).

- The Pensions Regulator (online) Public Service Toolkit.

- Internal Training – by Officers, the Investment Consultant, Fund Actuary, Independent Advisor, other Suppliers.

- External Training.

The Hymans Robertson LGPS Online Learning Academy

This includes 8 Core Modules each of which provides some initial coverage of each of the eight Core Technical Areas of the 2021 CIPFA Knowledge and Skills Framework. Given both the breadth of this Training and the fact that it is LGPS specific it is suggested that LOLA is undertaken prior to The Pensions Regulator (online) Public Service Toolkit.

Completion, and evidence of completion, of all 8 Core Modules of LOLA must be achieved by both PCB Members and Senior Fund Officers, within 6 months of appointment.

The Pensions Regulator (online) Public Service Toolkit

This Toolkit is applicable to all the major Public Service Pension Schemes including the LGPS. This provides, in 7 compulsory Modules coverage of issues that The Pensions Regulator considers are important to Pension Board Members. These 7 Modules cover in some detail specific issues within Areas 1, 2 and in particular 4 of the CIPFA Core Technical Areas (CTA). This Toolkit is particularly valuable for obtaining some understanding of the vital area of Pensions Administration and Communications.

Completion, and evidence of completion, of all 7 compulsory modules must be achieved by both PCB Members and Senior Fund Officers within 6 months of appointment.

Internal Training

Training in accordance with the CIPFA Core Technical Areas with, as appropriate, a focus on application to the Haringey Pension Fund will be delivered at 6.00pm prior to each meeting of the PBB. This training will be relevant and applicable to both PCB Members and Senior Fund Officers. These sessions may be delivered by Senior Fund Officers, The Investment Consultant, the Fund Actuary, The Independent Advisor, other Fund Suppliers.

For 2025-26 these sessions will be:

- 24 July 2025: Actuarial Valuation Training (CTA 3) - Fund Actuary.

- 11 September 2025: Investment Training (CTA 6,7,8) – Investment Consultant/Independent Advisor.

- 1 December 2025: Annual Report, Accounting and Auditing (CTA 5) – Independent Advisor/Fund Officers.

- 17 March 2026: Pensions Administration and Communications (CTA 4) – Fund Officers.

All PCB Members and Senior Fund Officer should attend all the above Training sessions.

In addition, Internal Training for both PCB Members and Senior Fund Officers may be provided at meetings of the Investment and Governance Working Group. Details of such Training will be provided as it is arranged during the year.

External Training

There are a number of sources of potentially relevant external training. Particularly relevant may be events provided by the Local Government Association (LGA), and the Pensions & Lifetime Savings Association (PLSA). These may potentially cover aspects of any of the 8 Core Technical Areas of the CIPFA Knowledge and Skills Framework. The London Collective Investment Vehicle (LCIV) may also provide events which are specifically relevant for London LGPS Funds with a particular emphasis on CTA 6,7,8.

Also, events provided by certain private sector conference providers may be relevant in respect of investment related issues – however it should always be remembered that the content of these may be clearly skewed towards the agenda of the conference sponsors.

The Head of Pensions will, during the year, seek to identify significant External Training opportunities and bring these as appropriate to the attention of PCB Members and Senior Fund Officers.

Where PCB Members identify free clearly relevant Training they are encouraged to attend this taking account of their existing Knowledge and Skills. Where PCB Members identify clearly relevant but chargeable Training, they should discuss possible attendance with the Head of Pensions before registering.

The CIPFA Knowledge and Skills Framework and the Haringey Pensions Training Policy both anticipate a higher level of Knowledge and Understanding by Senior Fund Officers. Arrangements will therefore be determined and made by the Head of Pensions to access such external training as may be necessary to maintain the appropriate levels of Knowledge and Understanding. In this respect areas of particular relevance may include:

- Accounting issues – Keeping up to date with the detail of the latest CIPFA/Scheme Advisory Board guidance on Pensions Accounting and the content of the Annual Report.

- Pension Administration Regulations – Understanding the latest guidance/interpretation of changes to the LGPS Regulations and their impact on procedures – for example changes that result from amendments to the LGPS Regulations arising from the LGPS Access and Fairness Consultation, 2025.

- Pension Administration Systems – Understanding updates/new releases to the system.

As stated in the Pension Fund Governance Review 2024 the opportunity for Senior Fund Officers – particularly the Head of Pensions and his/her direct reports – to study for relevant nationally recognised qualifications such as the Investment Management Certificate of the CFA UK should actively be considered. This is, however, ultimately a decision for the Section 151 Officer.

Annual Training Plan 2025-26 – Monitoring and Review

In accordance with the CIPFA Code of Practice on LGPS Knowledge and Skills 2021, the Haringey Pension Fund has nominated an individual to be responsible for ensuring that this Policy is implemented. The nominated individual is the Head of Pensions.

All PCB Members and Senior Fund Officers should report any external training, referencing the relevant CTA, to the Head of Pensions as soon as possible after completion. The Fund will record this.

To meet the requirement that all Members and Senior Fund Officers complete both the Hymans Robertson LGPS Online Learning Academy (LOLA) and The Pensions Regulator (online) Public Service Toolkit within 6 months of appointment **all PCB Members and Senior Fund Officers** must evidence to (the satisfaction of) the Head of Pensions full completion of both no later than Friday 23 January 2026. Full completion may have been achieved at any date up to this date including prior to 24 July 2025.

The Head of Pensions will record all attendance by PCB Members and Senior Fund Officers at Internal Training events.

The Head of Pensions will inform PCB Members and Senior Officers of any External Training he/she identifies during the year which is considered to be of particular relevance.

Annual Training Plan 2025-26 Reporting and Compliance

There will be a report to the 1 December 2025 PCB on internal and external training so far undertaken during 2025-26 by PCB Members and Senior Fund Officers. This will include progress on completing both the Hymans Robertson LOLA and the Pensions Regulator Public Service Toolkit. This will include reference to numbers completing but not names.

There will be a report to the 17 March 2026 PCB which will provide an update on Training including details of compliance or otherwise (by name) with the requirement to fully complete by 23 January 2026 both the Hymans Robertson LOLA and the Pensions Regulator Public Service Toolkit.

In accordance with the Statutory Guidance **Preparing the Pension Fund Annual Report** of April 2024 the Haringey Pension Fund Annual Report 2025-26 will include a *“report on the training undertaken by each committee and board member.”*

All costs associated wit the delivery of the Training Plan will be charged to the Pension Fund.

Preparation of the Annual Training Plan 2026-27

Ideally the Annual Training Plan should be presented to the PCB prior to the beginning of the Financial Year. Therefore the 2026-27 Annual Training Plan will be presented to the PCB at its meeting on 17 March 2026. This will also facilitate the inclusion of specific External Training opportunities in the 2026-27 plan.

The Training Policy of 2022 included that the Pension Fund would:

- Require Committee and Board Members and Senior Officers to undertake a self assessment against the competencies as set out in the CIPFA Framework 2021 (as supplemented by the CIPFA Framework 2015 as appropriate). This will be required following appointment and then annually.

- Prepare tailored Training Plans for Committee and Board Members, and Senior Officers.

In order to facilitate the preparation of an Annual Training Plan 2025-26 the above has not been undertaken (although ideally it should). However, to help inform the Annual Training Plan 2026-27 a Training Needs Analysis Questionnaire will be issued to each PCB Member and Senior Fund Officer at the 1 December 2025 PCB meeting.

Tailored Training Plans for 2026-27 will be developed alongside the Annual Training Plan 2026-27.

1 July 2025

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Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Forward Plan

Report authorised by: Taryn Eves, Director of Finance (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@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 Table 1 of this report, specifically in regarding the responsible investment policy development and implementation of the fund governance review recommendations.

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.

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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. Table 1 outlines the key priorities added to the proposed work plan for the next 9–12 months.

Table 1: Key Fund Priorities

Activity	Objective	Key Dates	Progress Update
Setting responsible investment objectives	The PCB is currently developing the Fund's responsible investment policy. This work will include establishing medium to long-term goals and defining the criteria for investment selection.	June 2025	Completed
Drafting of responsible Investment Policy	Following the setting of the responsible investment objectives fund officers can now commence the first draft of the pension fund responsible investment policy	September 2025	In progress
Investment opportunities review	Areas of review will include, evaluating the Fund's listed equities allocation and conducting a thorough review of the Fund's private markets allocation in preparation for the upcoming triennial valuation.	December 2025	In progress
Pension Fund Business Plan	The Head of Pensions will draft a Pension Fund Business Plan for the PCB's consideration. A draft template has been prepared and included with this agenda and work on automating transactional data from the finance system is underway to assist in budget setting.	September 2025	In progress

6.5. The PCB is requested to consider whether it wishes to amend any future agenda items as set out in Appendix 10 to this paper.

Knowledge and Skills

6.6. 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. This policy outlines various training resources and methods available to the PCB and Senior Fund Officers.

6.7. Members are encouraged to complete their self-directed training through the LGPS Online Learning Academy (LOLA) , which is facilitated by Hymans Robertson. In line with the Code of Practice, training completed by all members will be reported as a standing item on future PCB meetings.

6.8. Table 2 lists the upcoming training opportunities available over the next few months.

Table 2: Upcoming Training Opportunities

Training Opportunity	Training Organiser	Description	Key Dates
Investment Training, covering key areas (CTA 6,7,8)	Fund Financial advisors / Independent advisor	Pension Committee and Board members will be provided training on the funds investments, investment types and the role each one plays in the portfolio. Exploring the Investment Strategy statement and Strategic Asset Allocation for the fund.	Q2 2025
Accounting and Auditing (CTA 5), Covering the draft annual report.	Independent advisor/Fund Officers	Pension Committee and Board members will be provided training on the Annual report, the contents of this report and the audit process. Exploring the Pension fund accounts and the inputs.	Q3 2025

6.9. There are no upcoming conferences available over the next few months.

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.

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.

Director for Legal and Governance [Fiona Alderman]

Haringey LONDON

9.2. The 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 10: Forward Plan

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

Appendix 1 - Forward Plan

June 2025	September 2025	December 2025	March 2026
Administration Report	Administration Report	Administration Report	Administration Report
Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)
Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities	Work/Forward Plan and Training Opportunities
Risk Register Review	Risk Register Review	Risk Register Review	Risk Register Review
Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update
LAPFF Voting update	LAPFF Voting update	LAPFF Voting update	LAPFF Voting update
Business Plan and Annual Budget	Annual Pension Fund Accounts 24/25 and Draft Annual Report (including various statutory documents)	Annual Pension Fund Accounts 24/25 and Final Annual Report (including various statutory documents)	
Audit Progress Report	Audit Progress Report	Audit Progress Report	Audit Progress Report
RI Policy Development Plan	Draft RI Policy	Final RI Policy	
Actuarial Valuation	Actuarial Valuation	Actuarial Valuation	Actuarial Valuation
Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update

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Agenda Item 18

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Taryn Eves, Director of Finance (Section 151 Officer)

Lead Officer: Jamie Abbott – Head of Pensions
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 on the Pension Fund's performance for the quarter ended 31 March 2025:

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

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note the information provided in section 6 of this report regarding the Fund's investment performance and activity for the quarter ended 31 March 2025.

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 2025 was £1.92bn, representing a 0.5% decrease over the quarter. Chart 1 shows the growth in investment assets over the past 5 years. This has been down to poor equity performance over the quarter.

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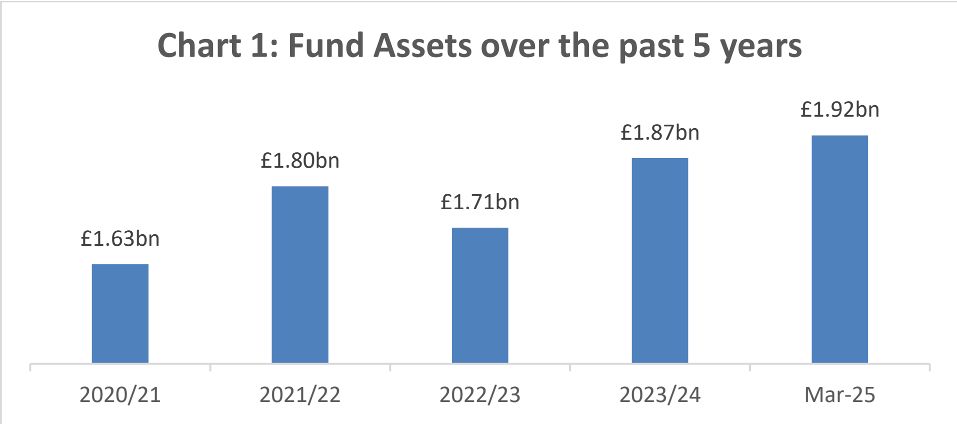
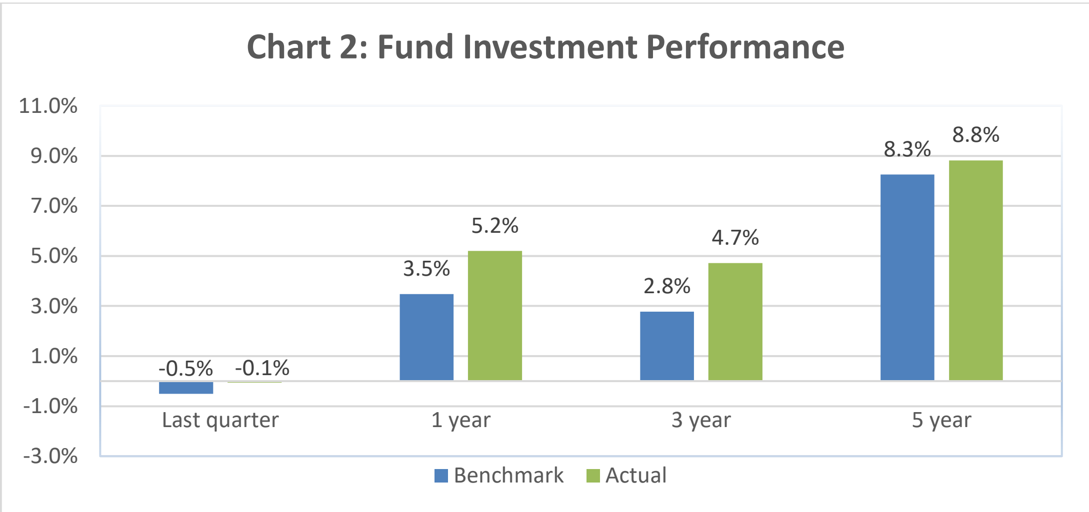


Source: Northern Trust, Haringey Pension Fund Strategy Report, 31 December 2024

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



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

Funding position update

6.3. 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.

6.4. 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.

6.5. 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 11 to this report.

6.6 Fund assets have increased modestly since the last valuation. The present value of future liabilities has decreased, resulting in a notable improvement in the funding level. This is largely due to a significant increase in the (real) discount rates since 2022, which have raised the expected return of assets included in the Fund's strategic asset allocation.

Market Commentary

7. Global equities saw a slight decline the MSCI World Index declining by 1.8%. This overall decline primarily resulted from a fall in United States Equity markets (which account for around 70% of the MSCI World Index) with the S&P 500 Index declining by 4.3% over the Quarter. Exuberance reflected in US Equity markets following Donald Trump’s re-election in November 2024 was replaced with concerns over the potential effects of tariffs on the domestic economy and consumers. Questions over the future profitability of artificial intelligence also weighed against the United States Technology Sector which saw significant losses over the Quarter. In contrast Europe, the UK, and Asia/Emerging markets (as measured overall by the MSCI Emerging Markets and MSCI Asia ex Japan Indices) all gained.

7.1. US Equities enjoyed a positive start to 2025 with the S&P 500 gaining 2.8% in January and reaching an all-time closing high of 6144 on 19 February 2025. However, overall February was a negative month for US Equites and March very clearly negative. The S&P 500 retreated by 5.6% in March and was down 4.3% over the January to March 2025 Quarter. There was however wide dispersion of performance across US Equities. As concerns grew over the Quarter regarding the potential negative effects on both the US economy as a whole and also on individual consumers of President Trump’s approach to tariffs those companies likely to be most affected by a slowdown in the US Economy.

7.2. The Core PCE (Personal Consumption Expenditures) inflation index which the US Federal Reserve observes closely in its conduct of Monetary Policy continued to remain clearly and stubbornly above the 2% inflation target and was 2.8% in February 2025 (reported in March).

7.3. After cutting the Federal Funds rate (interest rates) by 0.25% at both its November and December 2024 meetings the US Federal Reserve Federal Open Markets Committee (FOMC), as widely expected, maintained the Federal Funds rate at a *“target range”* of 4.25 to 4.5% at both its January and March 2025 meetings. Interestingly the “Summary of Economic Projections” issued at the end of the March meeting revised down the 2025 estimate of GDP (economic growth) expansion to 1.7% compared to 1.9% in the December 2024 projections while increasing the projection for Core PCE Inflation from 2.5% to 2.8%.

7.4. Although March was a difficult month with concerns/uncertainties regarding US tariffs Eurozone Equities enjoyed a very positive Quarter overall with the MSCI EMU Index advancing by 7.5% (in Euro terms).

7.5. The meeting of the Governing Council of the European Central Bank (ECB) held on 30 January 2025 reduced interest rates by a further 0.25% resulting in the headline *“deposit”* rate reducing to 2.75%.

7.6. UK Equities as measured by the FTSE All Share Index gained 4.5% over the Quarter. There was however a large disparity in performance between the large internationally focussed FTSE 100 Index which gained 6.1% and the medium cap FTSE 250 which lost 5% and the FTSE Small Cap (ex Investment Trusts) which declined by 6.5%.

7.7. On 5 February 2025, the Bank of England Monetary Policy Committee (MPC) reduced Bank Rate by 0.25% to 4.5%. The February 2025 Monetary Policy Report raised concerns regarding sluggish growth and heightened inflation which could potentially be interpreted as an indication of potential stagflation in the domestic UK economy. The Monetary Policy Summary issued at the end of the February MPC meeting included the statement *"…a gradual and careful approach to the further withdrawal of monetary policy restraint is appropriate."* This statement was repeated in the Monetary Policy Summary issued at the conclusion of the March MPC meeting. At the meeting of the MPC which concluded on 19 March 2025 the Committee held Bank Rate at 4.5%.

7.8. Overall Emerging Markets and Asia ex Japan advanced modestly during the Quarter. The MSCI Emerging Markets Index gained 2.9% (in US $ terms) while the MSCI Asia ex Japan Index gained 1.8% (in US $ terms).

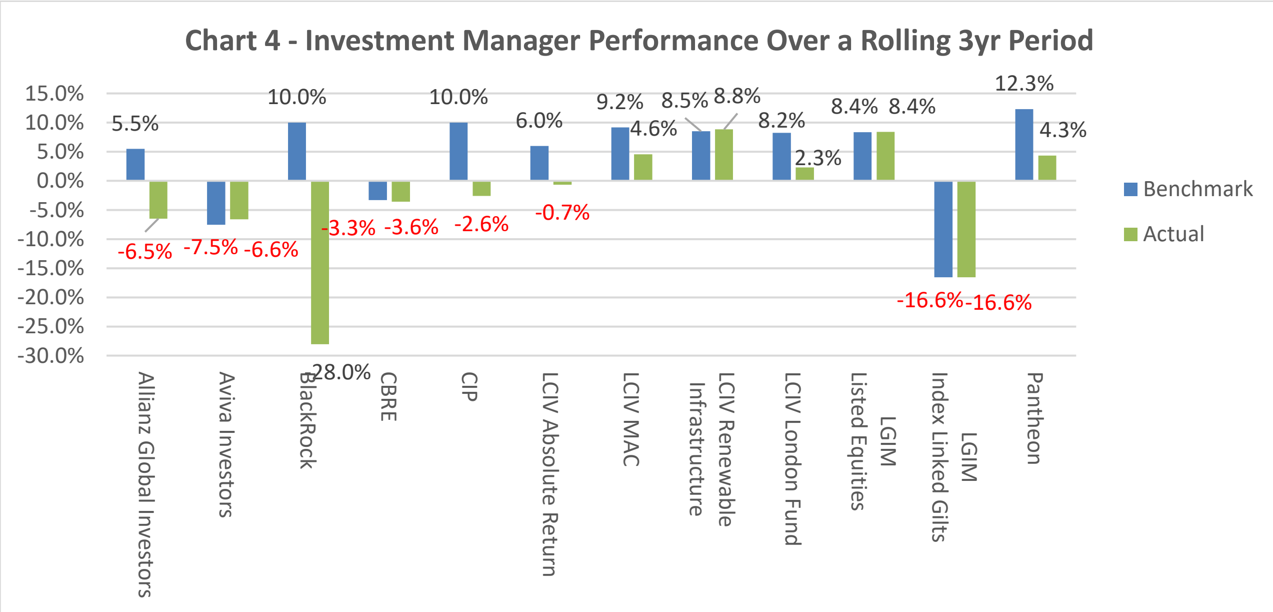
7.9. In contrast UK Gilts overall experienced a (mildly) negative Quarter in the context of concerns over a stagnant economy and Government finances including borrowing needs. The 10 year Gilt yield rose (and therefore prices fell) from 4.57 to 4.68.

7.10. A detailed market commentary for the quarter ending 31 March 2025, has been prepared by the Pension Fund's Independent Advisor and is included as Appendix 12 to this paper.

Investment Performance

7.1. 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.

7.2. Chart 4 shows the individual investment performance for each investment manager measured over the rolling three-year period.



Source: Northern Trust, Haringey Pension Fund Strategy Report, 31 March 2025

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

- LCIV Buy and Maintain

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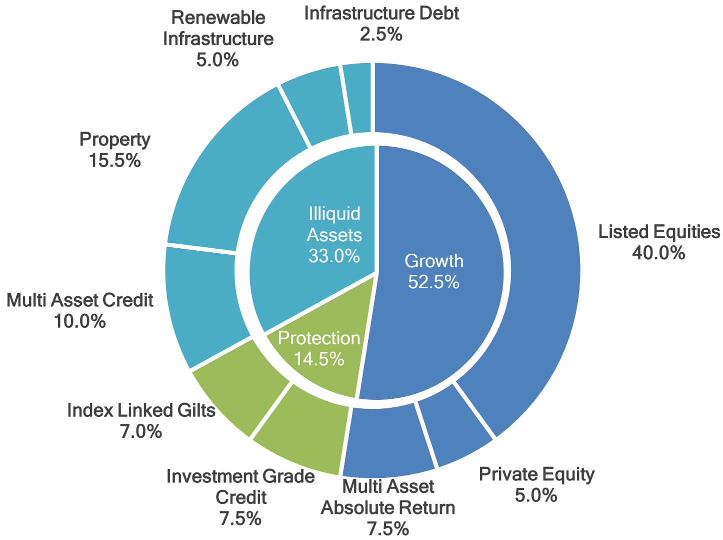
Asset Allocation

7.4. 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



7.5. 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-25 £m	Strategic Asset Allocation	Current Asset Allocation	Variance	Allowable Ranges
Listed equity	834	40.0%	43.4%	3.4%	+/- 5.0%
Diversified alternatives	575	30.0%	30.0%	0%	+/- 10.0%
Defensive	264	14.5%	13.8%	(0.7%)	+/- 5.0%
Property	213	15.5%	11.1%	(4.4%)	+/- 10.0%
Cash	34	0.0%	1.7%	1.7%	
Total	**1,920**				

7.6. Illiquid assets will be considered in more detail during the investment strategy review, which will support the upcoming actuarial valuation.

Investments with the pool

7.7. Haringey Pension Fund, along with all the London Borough funds, is a Partner Fund 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 2025, the Fund had approximately 78% of its assets invested with the pool, with approximately 28% invested in funds managed directly by the London CIV.

7.8. Following the Government's response to the Fit for the future consultation, it is expected that all Pension Fund investments are transferred to the pool (or deemed under pool management) by 31 March 2026.

Haringey LONDON

7.9. Fund Officers are in discussions with LCIV to agree on an asset transition plan to transitioning the remaining unpoled assets to the pool, taking into consideration factors relating to realistic time frames and fees.

7.10. Once a transition plan has been drafted, this will be brought to the Pensions Committee and Board for comment and sign off.

8. Contribution to Strategic Outcomes

8.1. Not applicable

9. Carbon and Climate Change

9.1. 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.

9.2. 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.

9.3. 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.

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

Finance

10.1. 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

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

Director of Legal and Governance [Fiona Alderman]

10.3. 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.

10.4. 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 PCB should keep this duty in mind when considering this report and take proper advice on the matter.

Equality

10.5. 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.

11. Use of Appendices

11.1. Appendix 12: Independent Advisor's Market Commentary Jan-March 2025

11.2. Confidential Appendix 13: Quarterly Investment Performance Report 31 March 2025

11.3. Confidential Appendix 11: Funding Position Update March 2025

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

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JOHN RAISIN FINANCIAL SERVICES LIMITED

Independent Advisors Report

Market Commentary January to March 2025

The January to March 2025 Quarter saw a slight decline in Global Equities with the MSCI World Index declining by 1.8% (in US $ terms). This overall decline primarily resulted from a fall in United States Equity markets (which account for around 70% of the MSCI World Index) with the S&P 500 Index declining by 4.3% over the Quarter. Exuberance reflected in US Equity markets following Donald Trump's re-election in November 2024 was replaced with concerns over the potential effects of tariffs on the domestic economy and consumers. Questions over the future profitability of artificial intelligence also weighed against the United States Technology Sector which saw significant losses over the Quarter. In contrast Europe, the UK, and Asia/Emerging markets (as measured overall by the MSCI Emerging Markets and MSCI Asia ex Japan Indices) all gained.

US Equities enjoyed a positive start to 2025 with the S&P 500 gaining 2.8% in January and reaching an all time closing high of 6144 on 19 February 2025. However, overall February was a negative month for US Equites and March very clearly negative. The S&P 500 retreated by 5.6% in March and was down 4.3% over the January to March 2025 Quarter.

There was however wide dispersion of performance across US Equities. As concerns grew over the Quarter regarding the potential negative effects on both the US economy as a whole and also on individual consumers of President Trump's approach to tariffs those companies likely to be most affected by a slowdown in the US Economy – for example retail, restaurants, car sales, saw sharp sell offs with the S&P 500 Consumer Discretionary Sector losing 13.8% over the Quarter. The Information Technology Sector which had for so long led gains in US Equity markets had a very difficult Quarter. Concerns over the future profitability of the sector – (prompted initially by the claim in late January by DeepSeek a Chinese artificial intelligence company that it had achieved advances similar to US competitors but at a much lower cost) together with already very high valuations were reflected in a fall of 12.7% in the S&P 500 Information Technology sector over the Quarter. However more defensive stocks and those less exposed to economic uncertainties saw (some) gains with, for example, the S&P 500 Utilities Sector gaining almost 5% and Healthcare 6.5% over the Quarter. The overall performance of US Equities may also have been adversely impacted by falling and low consumer confidence – the (closely watched) University of Michigan Index of Consumer Sentiment Preliminary results for March 2025 released on 14 March showed a decline from 71.7 in January to 64.7 in February and (a preliminary) 57.9 for March. Additionally, the US Federal Reserve in its Projections issued at the conclusion of its March Federal Open Markets Committee (FOMC) meeting indicated, as it had in December 2024, that only two further cuts in interest rates, totalling 0.5% were anticipated for 2025.

The Core PCE (Personal Consumption Expenditures) inflation index which the US Federal Reserve observes closely in its conduct of Monetary Policy continued to remain clearly and stubbornly above the 2% inflation target and was 2.8% in February 2025 (reported in March).

After cutting the Federal Funds rate (interest rates) by 0.25% at both its November and December 2024 meetings the US Federal Reserve Federal Open Markets Committee (FOMC), as widely expected, maintained the Federal Funds rate at a *“target range”* of 4.25 to 4.5% at both its January and March 2025 meetings. Interestingly the “Summary of Economic Projections” issued at the end of the March meeting revised down the 2025 estimate of GDP (economic growth) expansion to 1.7% compared to 1.9% in the December 2024 projections while increasing the projection for Core PCE Inflation from 2.5% to 2.8%. This indicated that the FOMC has moved more towards an expectation of lower growth and higher inflation which makes rate setting decisions potentially more complex given the Federal Reserve has a dual policy mandate of *“maximum employment and inflation at the rate of 2 percent over the longer run.”*

Although March was a difficult month with concerns/uncertainties regarding US tariffs Eurozone Equities enjoyed a very positive Quarter overall with the MSCI EMU Index advancing by 7.5% (in Euro terms). Various factors appear to have contributed to this including some rotation away from the (expensive and clearly volatile) US market to the (less expensive) European market, the possibility of a resolution to the Russia/Ukraine conflict, a promised boom in European defence spending (in reaction to the US foreign policy approach) and continued interest rate reductions by the European Central Bank. On a sector basis Financials had a particularly strong Quarter. German Equities in particular were assisted by a decision by the German Parliament to allow potentially unlimited borrowing for defence and a 500 billion Euro fund for German infrastructure development.

The meeting of the Governing Council of the European Central Bank (ECB) held on 30 January 2025 reduced interest rates by a further 0.25% resulting in the headline *“deposit”* rate reducing to 2.75%. In her press conference following the meeting Christine Lagarde the President of the Governing Council stated that *“…the economy is still facing headwinds…”* The meeting of the Governing Council held on 6 March 2025 saw the deposit rate reduced by a further 0.25% to 2.5% but both the Monetary Policy Statement issued following the meeting and the comments made by Christine Lagarde, in response to questions, in her press conference were more cautious regarding the future pace of interest rate cuts. This however was perhaps not surprising given this was the sixth interest rate cut by the ECB since June 2024.

UK Equities as measured by the FTSE All Share Index gained 4.5% over the Quarter. There was however a large disparity in performance between the large internationally focussed FTSE 100 Index which gained 6.1% and the medium cap FTSE 250 which lost 5% and the FTSE Small Cap (ex Investment Trusts) which declined by 6.5%. As was the case with larger European stocks, the FTSE 100 may have benefited from a rotation away from US markets to more reasonably priced large UK listed companies. Also, the FTSE 100 gained in the period following the Bank of England interest rate cut on 5 February until the end of that month.

In contrast more domestically focused medium and smaller UK companies were buffeted by continuing concerns over the state of the UK economy (as indicated by the Bank of England at its February Monetary Policy Committee meeting) and UK public finances, and also potential future Government tax policy. Subdued consumer confidence – as indicated throughout the Quarter by the GfK Consumer Confidence Index - was another factor weighing against the domestic UK market.

On 5 February 2025, the Bank of England Monetary Policy Committee (MPC) reduced Bank Rate by 0.25% to 4.5%. The February 2025 Monetary Policy Report raised concerns regarding sluggish growth and heightened inflation which could potentially be interpreted as an indication of potential stagflation in the domestic UK economy. The Monetary Policy Summary issued at the end of the February MPC meeting included the statement *"…a gradual and careful approach to the further withdrawal of monetary policy restraint is appropriate."* This statement was repeated in the Monetary Policy Summary issued at the conclusion of the March MPC meeting. At the meeting of the MPC which concluded on 19 March 2025 the Committee held Bank Rate at 4.5%.

Again, in the January to March 2025 Quarter, as it has since April 2022, Japanese inflation exceeded the Bank of Japan's *"price stability target"* of 2%. At the Monetary Policy Meeting which concluded on 24 January 2025 the Policy Board of the Bank of Japan raised short term rates to 0.5%. This was in the context of the view (in the statement issued after the meeting that *"…the year-on-year rate of increase in the CPI (all items less fresh food) is likely to be in the range of 2.5-3.0 percent for fiscal 2024 and then be at around 2.5 percent for fiscal 2025..."* The note also stated that *"the Bank judged it appropriate to adjust the degree of monetary accommodation from the perspective of sustainable and stable achievement of the price stability target of 2 percent. Real interest rates are expected to remain significantly negative after the change in the policy interest rate, and accommodative financial conditions will continue to firmly support economic activity."* At the Policy Board meeting which concluded on 19 March 2025 short term rates were held at 0.5%.

Japanese Equities experienced a negative Quarter. The more internationally focussed large cap companies had a particularly difficult Quarter with the Nikkei 225 Index declining by 10.5%. The more domestically focused TOPIX Index declined by 3.5% (in Yen terms). Uncertainty around US tariffs were clearly negative and adversely affected companies with significant export markets, such as cars/autos while technology stocks (Japanese chip/semiconductor makers) were also adversely affected by the (Chinese) DeepSeek announcement.

Overall Emerging Markets and Asia ex Japan advanced modestly during the Quarter. The MSCI Emerging Markets Index gained 2.9% (in US $ terms) while the MSCI Asia ex Japan Index gained 1.8% (in US $ terms). Chinese equities had a notably positive Quarter, and this does much to account for the overall gains. Sentiment regarding the Chinese artificial intelligence/information technology sector was boosted following the DeepSeek announcement of January 2025. Chinese Equities were also supported by signals from the Chinese Government regarding stimulus aimed at the domestic economy. Also, as at the start of 2025 China was one of the world's cheapest major Equity markets. Indeed, one of the factors accounting for the losses during the Quarter in the Indonesian and Thai Equity markets was rotation by fund managers away from these markets and towards China. Eastern European Emerging Market Equities enjoyed a clearly positive Quarter with hopes of a resolution to the Russia/Ukraine conflict an enhancing factor.

In response to somewhat disappointing US economic data, concerns over US growth (including) in the context of tariffs, and also their “safe haven” reputation US Treasuries gained (with yields falling) over the Quarter. The 2, 10 and 30 year Treasury yields all fell with the 10 year yield falling from 4.57 to 4.21 over the Quarter.

In contrast UK Gilts overall experienced a (mildly) negative Quarter in the context of concerns over a stagnant economy and Government finances including borrowing needs. The 10 year Gilt yield rose (and therefore prices fell) from 4.57 to 4.68. German Bunds experienced a clearly negative Quarter with a sell off in March. This occurred in the context of the agreement of the Christian Democrats (CDU) and Social Democrats (SPD) together with the Greens to support the principle of a huge expansion of defence and infrastructure spending including to exempt defence spending above 1% of GDP from the German Constitutional strict borrowing limit. Following the announcement of the initial agreement between the CDU and SPD the yield on the 10 year Bund saw a move (on 5 March) upwards (and prices therefore downwards) of 0.31% the largest one day move since 1997. Over the Quarter the yield on the 10 year Bund increased from 2.37 to 2.74.

29 April 2025

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

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Agenda Item 23

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