

NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

**Monday, 27th March, 2017, 7.00 pm - Civic Centre, High Road,
Wood Green, London N22 8LE**

Please note that prior to the meeting, starting at 6pm, there will be training for all Committee and Board Members on Infrastructure Debt.

Council Members: Councillors Clare Bull, Gideon Bull, John Bevan, Mark Blake, Viv Ross and Noah Tucker

Employer/Employee Members: Keith Brown and Randy Plowright

Quorum: 3 Council Members and 2 Employer/Employee Members

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. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. 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 and using the public seating area, 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 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 unrestricted Urgent Business will be dealt with under item 20 below, new items of exempt urgent business will be dealt with under agenda item 25 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 LBHPPF, and
- ii) At the same time, has:
 - a separate personal interest (financial or otherwise) or
 - another responsibility in relation to that matter,

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

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

5. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Note from the Assistant Director of Corporate Governance and 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.

6. MINUTES (PAGES 1 - 10)

To confirm the minutes of the meeting of the Pensions Committee and Board held on 9th February 2017 as a correct record.

7. PENSION FUND AUDIT PLAN - YEAR TO 31ST MARCH 2017 (PAGES 11 - 34)

Report of the Chief Operating Officer to present the audit plan prepared by the external auditors, BDO, for the audit of the Pension Fund accounts 2016/17 for the Committee's consideration.

8. PENSIONS ADMINISTRATION REPORT (PAGES 35 - 50)

Report of the Chief Operating Officer to present details of a new admission to the pension fund, and the results of the Pensions Regulator self assessment tool for schemes.

9. GOVERNANCE REPORT (PAGES 51 - 62)

Report of the Chief Operating Officer to provide an update to Committee on progress toward compliance with Scheme Advisory Board key performance indicators, to highlight areas where improvement is still needed in order to achieve full compliance and to provide an update on progress toward implementing the recommendations from the Governance Review that was undertaken by the Independent Advisor to the Fund.

10. FORWARD PLAN (PAGES 63 - 70)

Report of the Chief Operating Officer to identify topics that will come to the attention of the Committee in the next twelve months and to seek Members input into future agendas. Suggestions on future training are also requested.

11. RISK REGISTER - REVIEW / UPDATE (PAGES 71 - 90)

Report of the Chief Operating Officer to provide an update on the Fund's risk register and an opportunity for the Committee to further review the risk score allocation.

12. PENSION FUND QUARTERLY UPDATE (PAGES 91 - 104)

Report of the Chief Operating Officer to report the following in respect of the three months to 31st December 2016:

- Investment asset allocation
- Investment performance
- Investment Update

13. QUARTERLY LAPFF ENGAGEMENT REPORT (PAGES 105 - 108)

Report of the Chief Operating Officer to provide an update on voting activities on behalf of the Fund.

14. CONFLICTS OF INTEREST POLICY (PAGES 109 - 124)

Report of the Chief Operating Officer to introduce the proposed Conflict of Interest Policy.

15. 2016 TRIENNIAL VALUATION - FINAL RESULTS, AND DRAFT FUNDING STRATEGY STATEMENT (FSS) (PAGES 125 - 210)

Report of the Chief Operating Officer for the Committee and Board to note the final actuarial valuation report as at 31st March 2016, including the methodology and assumption used by the actuary, and to note and agree the Funding Strategy Statement, which has been updated, in line with the 2016 triennial valuation.

16. DRAFT INVESTMENT STRATEGY STATEMENT (PAGES 211 - 238)

Report of the Chief Operating Officer to consider the draft Investment Strategy Statement prepared for the fund. The Investment Strategy Statement is a new statutory document for LGPS funds, as required by Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

17. FUND ADMINISTRATION SYSTEM CONTRACT (PAGES 239 - 244)

Report of the Chief Operating Officer to request approval to award a contract for the Pensions Administration System for a period of 5 years commencing 21 April 2017.

18. CURRENCY HEDGING IMPLEMENTATION PLAN (PAGES 245 - 248)

Report of the Chief Operating Officer to bring back a finalised implementation plan for the Committee's approval, further to the agreement at the February 9th Pensions Committee and Board meeting that the committee will implement currency hedging on 50% of the Fund's developed market overseas exposure.

19. REVIEW OF FUND INVESTMENT STRATEGY (PAGES 249 - 252)

Review of the Chief Operating Officer to bring back a report from Mercer highlighting possible changes to the fund's investment strategy, further to the decision at the 9th February meeting of the Pensions Committee and Board to commission a review of the pension fund's investment strategy.

20. NEW ITEMS OF URGENT BUSINESS

To consider any new items of unrestricted urgent business admitted under agenda item 2.

21. EXCLUSION OF THE PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public from the meeting as it contains exempt information, as defined under Paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972.

22. FUND ADMINISTRATION SYSTEM CONTRACT (PAGES 253 - 256)

To consider exempt information pertaining to agenda item 17.

23. CURRENCY HEDGING IMPLEMENTATION PLAN (PAGES 257 - 266)

To consider exempt information pertaining to agenda item 18.

24. REVIEW OF FUND INVESTMENT STRATEGY (PAGES 267 - 308)

To consider exempt information pertaining to agenda item 19.

25. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any new items of exempt urgent business admitted under agenda item 2 above.

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Friday, 17 March 2017