NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Tuesday, 20th October, 2020, 7.00 pm - MS Teams (watch it here)

Members: Councillors John Bevan (Chair), Julie Davies (Vice-Chair), James Chiriyankandath, Paul Dennison, Viv Ross and Noah Tucker

Employer / Employee Members: Ishmael Owarish, 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. 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 FOR ABSENCE

3. URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business. (Late items of urgent business will be considered under the agenda item where they appear. New items of urgent business will be dealt with under item 16 below).

4. DECLARATIONS OF INTEREST 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.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

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

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Note from the 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.

7. MINUTES (PAGES 1 - 8)

To agree the minutes of the Pensions Committee and Board meeting held on 7 July 2020.

8. PENSION ADMINISTRATION REPORT (PAGES 9 - 12)

This report provides updates regarding:

- The amount of visits made to the Haringey pension fund website.
- This report presents details of new admissions to the pension fund.
- This report details employers leaving the pension fund.
- An update in relation to the current Coronavirus pandemic.

9. GOVERNMENT CONSULTATION ON THE MCCLOUD REMEDY (AGE DISCRIMINATION) (PAGES 13 - 20)

This report provides information to members of the Pensions Committee and Board regarding the government consultation to address age discrimination relating to protections introduced when the Local Government Pension Scheme was reformed in 2014, commonly referred to as 'McCloud'.

10. FORWARD PLAN (PAGES 21 - 26)

The purpose of the paper is to identify topics that will come to the attention of the Committee and Board in the next twelve months and to seek members' input into future agendas. Suggestions for future training are also requested.

11. RISK REGISTER (PAGES 27 - 42)

This paper provides an update on the Fund's risk register and an opportunity for the Committee and Board to further review the risk score allocation.

12. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE (PAGES 43 - 46)

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and the Committee and Board has previously agreed that the Fund should cast its votes at investor meetings in line with LAPFF voting recommendations. This report provides an update on voting activities on behalf of the Fund.

13. PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE (PAGES 47 - 60)

This report provides updates on the following matters in respect of the three months to 30 June 2020:

- Investment asset allocation
- Independent Advisor’s Market Commentary
- Funding Level Update
- Investment Performance
- London Collective Investment Vehicle (LCIV) Update

14. PRIVATE EQUITY AND RENEWABLE ENERGY COMMITMENT PLANNING (PAGES 61 - 64)

In July 2020, The Pensions Committee and Board considered a report on the Fund’s review of its investment strategy. The proposed changes in this report will allow the Fund to achieve and maintain 5% allocations to renewable energy and private equity in line with the Fund’s revised investment strategy.

15. LONDON COLLECTIVE INVESTMENT VEHICLE UPDATE

A verbal update will be provided in relation to the London Collective Investment Vehicle.

16. NEW ITEMS OF URGENT BUSINESS

17. DATES OF FUTURE MEETINGS

To note the dates of future meetings:

21 January 2021
4 March 2021

18. EXCLUSION OF THE PRESS AND PUBLIC

Items 19-22 are likely to be subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); para 3; namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

19. PENSION FUND QUARTERLY UPDATE (PAGES 65 - 114)

As per item 13.

20. PRIVATE EQUITY AND RENEWABLE ENERGY COMMITMENT PLANNING (PAGES 115 - 134)

As per item 14.

21. EXEMPT MINUTES (PAGES 135 - 136)

To agree the exempt minutes of the Pensions Committee and Board meeting held on 7 July 2020.

22. NEW ITEMS OF EXEMPT URGENT BUSINESS

Fiona Rae, Principal Committee Co-ordinator
Tel – 020 8489 3541
Email: fiona.rae@haringey.gov.uk

Bernie Ryan
Assistant Director – Corporate Governance and Monitoring Officer
River Park House, 225 High Road, Wood Green, N22 8HQ

Monday, 12 October 2020

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MINUTES OF MEETING PENSIONS COMMITTEE AND BOARD HELD ON TUESDAY, 7TH JULY, 2020, 7.00 - 9.00 PM

PRESENT:

Councillor Matt White (Chair), John Bevan (Vice-Chair), James Chiriyankandath, Paul Dennison, Viv Ross, Noah Tucker, Ishmael Owarish, Keith Brown and Randy Plowright

367. 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.

368. APOLOGIES FOR ABSENCE

None.

369. URGENT BUSINESS

None.

370. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

None.

371. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

None.

372. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Councillor John Bevan – Webinar 3 June 2020 -
LGPS Local Government Pension Schemes. Investment costs transparency and Navigating the Pandemic – implications for the management of investment risk.

All Members attended LBH Pension training prior to the meeting 7 July 2020.

373. MINUTES

RESOLVED

That the minutes of the Pensions Committee and Board meeting held on 5 March 2020 be approved as a correct record.

374. PENSIONS ADMINISTRATION REPORT

The Pensions Manager, Janet Richards, introduced this report which provided updates on: the amount of visits made to the Haringey pension fund website; new admissions to the pension fund and an update in light of the current Coronavirus pandemic and how this has impacted the Fund's pensions administration.

In response to questions on the report, the following information was provided:

1. Recipients of the annual benefit statements would be notified of the change to online publication only of their statements via the member self-service portal.
2. The increase in deaths in the last quarter is an increase of over 61% and it could not be determined what proportion of this could be attributed to the pandemic. Further details to be provided.

RESOLVED

1. To approve the admission of Hertfordshire Catering Ltd as a new employer to the Pension Fund in respect of the following catering contracts:
   - St Martin of Porres School;
   - St John Vianney School;
   - St Pauls Catholic School; and

   subject to Hertfordshire Catering Ltd securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise or paying an increase contribution rate in lieu of a bond.

2. To approve the admission of Caterlink Ltd as a new employer to the Pension Fund, in respect of a catering contract with Stroud Green Primary School, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise or paying an increase contribution rate in lieu of a bond.

375. PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE

The Head of Pensions introduced this report which sought to provide members of the committee with various updates regarding how the Coronavirus pandemic has impacted upon the fund's investments, and annual report and accounts for the previous quarter to 31 March 2020. The report included information relating to investment asset allocation, independent Advisor's Market commentary, funding level update and investment performance.

The following points were noted:

1. Approval for the fund's accounts and annual report for 2019/20 are expected to be approved by 30 November in line with the delayed deadline issued by the Government this is due to delays in receiving valuation information for some of the fund's assets as well as notification that the funds auditors, BDO, would not begin audit work until August 2020.
2. At the most recent valuation 31 March 2020, the Fund had a funding position of 100.4% which corresponds to a net surplus of £6m, which has decreased to an indicative deficit of £102m as at 31 March 2020.

3. Value of the fund decreased by £145.2m between December 2019 and March 2020, however, much of that decrease was regained within the months of April and May, with the fund increasing by an indicative £113.3m by the end of May.
4. Concern was raised respecting the coronavirus pandemic and the potential impact it would have on financial markets.

The Fund's Independent Advisor, John Raisin, referred to his Market Background report covering January to March 2020 on pages 27 to 30 of the agenda papers providing detailed information for the members of the committee. It was noted that 2020 began positively for both financial markets and the global economy. However, the realisation of the health and economic implications of Coronavirus during late February and March 2020 resulted in both a huge worldwide equity market sell off and a closedown of large parts of the world economy. A financial market collapse was only avoided due to huge economic and monetary policy intervention, and in particular the intervention of the US Federal Reserve. It was noted that the downturn would be far more difficult to resolve than that of 2008 due to the fact that this crisis was a result of a deadly disease which is affecting all economic sectors while the previous one was a financially originated and focussed crisis.

RESOLVED

1. That the information provided in respect of the activity in the three months to 31 March 2020 is noted.
2. That the information provided in respect how Coronavirus has impacted on the fund is noted.

376. INVESTMENT STRATEGY REVIEW

The Head of Pensions, Thomas Skeen, introduced this report which presented a review of the Fund's investment strategy that was considered at the previous meeting of the PCB in March 2020. The report follows on from the last paper with options and a recommendation as to changes to be made to the fund's investment strategy. The Pensions Committee and Board (PCB) were taken through the report, as set out at pages 31 to 36.

The PCB noted that the decision to switch to fixed gilts in early 2020 had benefited the fund by approximately £10.7m.

The PCB discussed the exempt appendices in private, as per Item 20.

RESOLVED

1. That the PCB note the Investment Strategy Review Paper, appended as Confidential Appendix.

2. That the Committee approves a change to the fund's target investment strategy to implement the 'strawman portfolio 1' as shown in Confidential Appendix 1, namely to:
   - Increase the allocation to equity by 2.5%
   - Increase the allocation to multi-asset credit by 3.0%

- Reduce the allocation to infrastructure debt by 0.5%
- Reduce the allocation to gilts by 5.0%

Alternatively, the Committee and Board could choose to implement 'strawman portfolio 2' as detailed in the Mercer paper in Confidential Appendix 1.

3. That the PCB delegate authority to the Assistant Director of Finance to implement the above changes (if approved), on the advice of Mercer, and in conjunction with the Chair of the PCB and Independent Advisor.

4. That the PCB delegate authority to the Assistant Director of Finance to update and republish the fund's Investment Strategy Statement consistent with decisions made above.

377. PENSIONS ACTUARY CONTRACT

The Head of Pensions introduced this report which sought approval from the Committee for a contract extension of the current actuarial services by Hymans Robertson LLP.

It was noted that the contract was due to expire on 31 July 2020 following an initial contract period of 3 years and that having a fund actuary appointed at all times was a requirement if the LGPS regulations. The PCB acknowledged that the relationship between the Council and Hymans Robertson had been successful over the course of the contract and noted that their performance had delivered value for the pension fund and its employers.

The PCB were advised that all costs of the contract would be met fully by the pension fund, meaning there would be no direct cost implications for the Council.

RESOLVED

That the Pensions Committee and Board approve an extension of the current contract with Hymans Robertson LLP for actuarial services as allowed under the contract for the period 1 August 2020 – 31 July 2023 in accordance with CSOs 3.03 and 10.02.1 at an estimated value of £239k.

378. LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE UPDATE FROM INDEPENDENT ADVISOR

The Fund's Independent Advisor, John Raisin, provided an update by way of his LGPS report providing information to members of the Pensions Committee and Board regarding various changes underway within the Local Government Pension Scheme (LGPS).

The committee noted the information contained therein the report regarding good governance in the LGPS project and the outcome of a legal case relating to the LGPS in respect of which the Supreme Court delivered its judgement on 29 April 2020.

The following 3 points were highlighted to the PCB:

1. The Judgement issued by the Supreme Court on 29 April 2020 determined that the Secretary of State exceeded his powers,
2. The Judgement did not in any way suggest that Administering Authorities, such as the London Borough of Haringey, were not completely responsible for investment decisions relating to their LGPS Fund,
3. The Judgement did not undermine the overriding duty of the Administering Authority, in the words of the 2016 Statutory Guidance on Preparing and Maintaining an Investment Strategy Statement, that "…schemes should make the pursuit of a financial return their predominant concern…"

It was agreed for the Palestine Solidarity Campaign to be contacted regarding their offer to supply names of companies in contravention of international law. Enquiries to be made with fund managers to establish the types of companies invested in and whether a list existed similar to the Sullivan Principles in relation to disinvestment from Israel.

RESOLVED

That the Committee and Board note the contents of this report, and any other verbal updates provided by officers and the fund's Independent Advisor in the meeting.

379. FORWARD PLAN

The Head of Pensions invited the PCB to note this report on the Forward Plan, which detailed the topics that would be brought to the attention of the PCB in the next twelve months. It was noted that due to the current Chair stepping down there would be a need to agree agenda items for this extended period as a new chair would not be appointed until the next Full Council meeting. The report sought Members' input into future agenda items as listed on page 45 of the agenda pack.

It was agreed that if changes are to be made then this could be done by PCB members via email in the absence of a chair.

It was agreed that once a response was received from Palestine Solidarity Campaign then this would be considered under the Governance Report item of the agenda for a future meeting.

RESOLVED

1. That the Committee and Board note and approve the forward plan.
2. That the Committee and Board note the update on member training attached at Appendices 3.

380. RISK REGISTER - REVIEW/UPDATE

The Head of Pensions introduced this report on the Risk Register. This was a standard item on the agenda and the PCB had a legal duty to review internal controls and the management of risks. The PCB were informed of the changes to the Risk Register.

The PCB noted all new COVID-19 risks added to the register as set out at pages 50 to 51 of the report.

An error was noted under paragraph 6.5 of the report which stated "that none of the above risks have been flagged as 'red' risks to date" as risk INV12 had been rated red.

RESOLVED

1. That the Committee and Board note the risk register.
2. That the Committee and Board note the area of focus for review at the meeting is 'Administration' and 'Communication' risks.

381. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) VOTING UPDATE

The Head of Pensions invited the PCB to note this report which provided an update on voting activities at the LAPFF on behalf of the Fund.

RESOLVED

That the Committee and Board note this report.

382. NEW ITEMS OF URGENT BUSINESS

None.

383. DATES OF FUTURE MEETINGS

20 October 2020

The PCB gave thanks to Cllr White for his work on behalf of the Committee as Chair and Thomas Skeen in his role as Head of Pensions.

384. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting for consideration of item 17 as it contains 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).

385. PENSION FUND QUARTERLY UPDATE AND INVESTMENTS UPDATE

The Committee considered the exempt report.

386. INVESTMENT STRATEGY REVIEW

The Committee considered the exempt report.

387. EXEMPT MINUTES

RESOLVED that the exempt minutes of the meeting held on 5 March 2020 be approved as a correct record.

388. NEW ITEMS OF EXEMPT URGENT BUSINESS

None.

CHAIR: Councillor John Bevan

Signed by Chair ………………………………..

Date …………………………………

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Agenda Item 8

Report for: Pensions Committee and Board – 20 October 2020

Title: Pensions Administration Report

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy s151 Officer)

Lead Officer: Janet Richards, Pensions Manager
Email: Janet.richards@haringey.gov.uk, Tel: 020 8489 3824

Ward(s) affected: Not applicable

Report for Key/ Non Key Decision: Not applicable

1. Describe the issue under consideration

1.1 The report:

- Provides an update on the number of visits made to the Haringey pension fund website.
- Seeks authority to admit Lunchtime UK Ltd as a new admissions body to the pension fund.
- Provides details of employers leaving the pension fund.
- Provides an update in relation to the current Coronavirus pandemic.

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1 To note paragraphs 6.1 to 6.8 of this report which give a breakdown of the amount of visits made to the Haringey Pension Fund website and an update regarding pension administration matters.

3.2 To approve the admission of Lunchtime Company Limited as a new admission body to the Pension Fund for the reasons set out in paragraph 4 of this report, subject to their securing a bond or a guarantee from a third party in line with the Local Government Pension Scheme (LGPS) regulations, to indemnify the pension fund against any future potential liabilities that could arise or paying an increased contribution rate in lieu of a bond.

3.3 To note the following admitted bodies will have left or will shortly be leaving the scheme as employers in the scheme. These are: Lunchtime Bounds Green, Lunchtime Devonshire Hill, Lunchtime Earlsmead, Lunchtime Welbourne School, Pabulum St John Vianney, Pabulum St Martin of Porres, Pabulum St Peter in Chains, The Octagon.

4. Reason for decision

New Admission Body to the Fund

4.1 Devonshire Hill School tendered its catering service and the successful bidder was Lunchtime Company Ltd. It is proposed that Lunchtime Company Ltd with effect from 1 April 2020 be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of the catering service for Devonshire Hill School, subject to Lunchtime UK Ltd entering into an admission agreement with the Council so that those eligible employees can remain within the Haringey Pension Fund.

4.2 That an admission agreement satisfactory to the Council, be entered into in respect of each of the service contracts and that the agreement is a closed agreements, as such that new members cannot be admitted.

4.3 Under the LGPS, if a body is an admission body as defined by the Regulations; the administering authority enter into an admission agreement with that admitted body. The admitted body's employees which have transferred over and providing the service will be eligible for membership of the Scheme if designated under the terms of the agreement. An admitted body will provide a service in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or another arrangement.

5. Alternative options considered

5.1 Not applicable

6. Background information:

Website Views

6.1 The visits to the Haringey website www.haringeypensionfund.co.uk for the last 4 months are as follows (presented with prior year comparator figures):

Month	users	Page views
September 2020	482	1006
September 2019	503	1949
August 2020	313	667
August 2019	478	1840
July 2020	336	636
July 2019	560	2095
June 2020	299	542
June 2019	508	1998

6.1 From June 2020 to September 2020 the average amount of users per month to the pension website was 357 and they viewed on a total of 712 pages, nearly 2 pages for each user. The amount of users and pages viewed has decreased from the previous year.

Coronavirus Update

6.2 The Coronavirus pandemic for the three months from June to August 2020 has seen a decrease in the amount of pensioner deaths compared to the average death of five in previous years. The table below illustrates the number of pensioner deaths this year and last year in the months of June to August. The deaths in this three month period is as follows:

Month	Average pensioner deaths 2015 to 2019	Pensioner deaths 2020	increase /decrease
June	20	20	Same
July	25	20	Decrease of 5
August	23	20	Decrease of 3

6.3 The annual benefit statements for the active and deferred members of the fund were available online on the member self-service portal before the 31 August 2020 deadline. A copy of the statement has been sent to member's home addresses with a message encouraging sign up to the member self-service portal.

6.4 Lunchtime Company Limited have given notice that they as admitted body will be leaving the pension fund on 30 November 2020 for the following schools, Bounds Green School, Welbourne School, Devonshire Hill School and Earlsmead School.

6.5 Pabulum Limited and the following schools ended their catering contracts, St John Vianney RC Primary School, St Peter in Chains and St Martin of Porres School.

6.6 A cessation valuation for the employers leaving the scheme will be carried out.

6.7 The Octagon has been insourced back to Haringey Council from 1 September 2020 and the support staff members of the former The Octagon remain in the Haringey Pension Fund.

7. Contribution to strategic outcomes

Not applicable

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

Chief Finance Officer

8.1 The CFO (S151 Officer) has been consulted on this report and there is no direct financial impact from the contents of this report.

Haringey LONDON

Assistant Director of Corporate Governance

8.2 The Assistant Director of Corporate Governance has been consulted on the content of this report.

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

8.4 Lunchtime Company Limited is a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement. Lunchtime has entered into a service contract to provide catering services to the school mentioned in paragraph 4.1 of this report and the administering authority may enter into the Admission Agreement pursuant to Schedule 2 of The Local Government Pension Scheme Regulations 2013.

9. Use of Appendices

Not applicable

10. Local Government (Access to Information) Act 1985

Not applicable

Agenda Item 9

Report for: Pensions Committee and Board – 20 October 2020

Title: Government Consultation on the McCloud Remedy (Age Discrimination)

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions
Email: Oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1860

Ward(s) affected: Not applicable

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1 The purpose of the paper is to provide information to members of the Pensions Committee and Board regarding the government consultation to address age discrimination relating to protections introduced when the Local Government Pension Scheme (LGPS) was reformed in 2014, commonly referred to as 'McCloud'.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1. To note the contents of this report and any other verbal updates provided by officers and the fund's Independent Advisor in the meeting.

4. Reason for Decision

4.1. Not applicable

5. Alternative options considered

5.1. Not applicable

6. Background information

6.1. See attached appendix.

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. The Committee had previously been made aware of cost implications of McCloud. These costs have been reviewed and revised by the Fund's actuary. Although the latest estimate is that cost to the Fund is likely to be considerably less than first projected, the final cost will only be known after all affected staff members have been identified and the government's response to the consultation and new direction on treatment of those affected is published by the government.

8.2. Perhaps more significant (certainly in the near term) is the additional administration burden that McCloud will place upon the fund: it is likely that hundreds and possibly thousands of pension cases from 2014 to the present day will have to be revisited with various aspects of pension benefits being recalculated retrospectively . An allowance for additional staffing relating to McCloud was made when setting the Pension Fund's budget for the current financial year. All such costs will be borne by Haringey Pension Fund.

Legal Services Comments

8.3. The Assistant Director of Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

Equalities

8.4. Not applicable

9. Use of Appendices

9.1. Appendix 1: Independent Advisor's Government Consultation to address Age Discrimination relating to 'transitional protection' in the LGPS (commonly referred to as "McCloud").

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

Appendix 1

JOHN RAISIN FINANCIAL SERVICES LIMITED

London Borough of Haringey Pension Fund

Government Consultation to address Age Discrimination relating to 'transitional protection' in the LGPS (commonly referred to as "McCloud")

A paper by the Independent Advisor
October 2020

The purpose of this paper is to inform the Pensions Committee and Board of the Government Consultation issued on 16 July 2020 to address age discrimination relating to transitional protection arrangements introduced as part of the 2014 reforms of the LGPS.

On 16 July 2020 the Ministry of Housing Communities and Local Government (MHCLG) issued a consultation called "Amendments to the statutory underpin." This consultation proposes amendments to the LGPS Regulations to remove age discrimination in relation to 'transitional protection' arrangements introduced when the LGPS was reformed in 2014. This whole issue is now commonly referred to as "McCloud" which refers to one of the court cases that highlighted the age discrimination present in all the public service pension schemes (which include the Judicial, Firefighters', Civil Service, NHS, Police, Teachers and Local Government schemes) covered by the Public Service Pensions Act 2013.

When the LGPS was reformed in 2014 a number of changes were made including changing the scheme going forward from a final salary to a career average scheme. However, the new scheme included transitional protection arrangements for members nearing retirement designed to ensure older workers would not be worse off as a result of the introduction of the new scheme. This protection meant that members who met certain criteria, including that they were within ten years of their final salary scheme normal pension age on 1 April 2012, received 'underpin protection.' This meant that a member's pension entitlement under the new career average scheme could not be lower than it would have been under the previous final salary scheme. An underpin test was required to be carried out comparing career average benefits the member accrued against the 'underpin amount' which is the final salary benefits that would have accrued if the LGPS had not been reformed.

Transitional protection arrangements for older workers were also introduced into the other major public sector pension schemes which were reformed in 2015 (a year later than the LGPS). These protections were challenged in the cases of both the Judicial and the Firefighters' schemes in what are known as the "McCloud" and "Sergeant" cases respectively where it was argued that younger members received less favourable treatment than those older members who were given transitional protection. In December 2018 the Court of Appeal ruled that the transitional protection in the Judicial and Firefighters pension schemes constituted unlawful age discrimination. Consequently in 2019 the Government stated that it would take action to address this issue across all the public sector pension schemes covered by the Public Service Pensions Act 2013.

On 16 July 2020 the Ministry of Housing Communities and Local Government (MHCLG) issued a consultation called "Amendments to the statutory underpin" to address the age discrimination identified in the LGPS. A separate consultation to address the age discrimination in the other (unfunded) pension schemes covered by the Public Service Pensions Act 2013 was issued at the same time by HM Treasury.

The Consultation issued by the MHCLG is very long (69 pages), detailed and technical in nature. It includes draft Regulations to remedy the present defects in the LGPS Regulations. The Consultation also includes 29 questions which respondents may wish to address. The Consultation appears to have been very carefully prepared by MHCLG who also held technical discussions with the LGPS Scheme Advisory Board for England and Wales prior to formally issuing the Consultation. The Consultation runs from 16 July to 8 October 2020. The final proposals as put into place through revisions to the LGPS Regulations will be back dated to 1 April 2014 when the new LGPS arrangements came into effect.

Given the overall complexity of the issue to be remedied there will almost certainly be amendments made to the Consultation proposals by MHCLG following their consideration of the responses submitted by the Scheme Advisory Board, individual LGPS Funds and other stakeholders (including Hymans Robertson the Haringey Fund Actuary). However, given the nature of the issue to be resolved and the way in which the MHCLG have approached the Consultation process it seems very likely that changes will be wholly or primarily in respect of the "detail" rather than the "principles" contained in the Consultation.

As the LGPS Regulations are currently constituted they treat members of the Scheme differently depending on their age as follows:

- Those who were active members of the Scheme on 31 March 2012 and were within ten yours of their normal pension age (NPA) on 1 April 2012 are entitled to underpin protection and are therefore potentially "better off" than the group below

- Those who were active members of the Scheme on 31 March 2012 and were more than ten years from their NPA were not eligible for underpin protection and were therefore potentially "worse off" than the above group as they were not guaranteed a pension of at least the level they would have received in the final salary scheme. However, in reality most younger members will not benefit from any change to the underpin protection

The exact details and the mechanism for calculating whether a member is better off under the non-discriminatory underpin proposed in the Consultation are complex and lengthy. However, the proposals may be briefly summarised as described in the following paragraph:

The Consultation proposes a solution and amendments to the LGPS Regulations which extend the underpin to the second group above (those described in the second bullet point) – that is it is proposed to extend protections to those who were not old enough to receive underpin protection when it was originally introduced. This should ensure equality between the two groups for benefits accrued from 1 April 2014 onwards. Vital general features of the proposed solution are briefly described at 1 to 4 below but these are only extremely brief summaries of a technically complex solution which is described and explained in the actual Consultation. Therefore, the summaries below should not be relied upon as describing the situation as it would apply to any particular individual

1. Eligibility is restricted to those who were active members of the LGPS on 31 March 2012 and who went on to accrue benefits since 1 April 2014

2. The underpin applies between 1 April 2014 and 31 March 2022 only. It will cease earlier than 31 March 2022 if the member ceases to be an active member or dies in service**. Crucially it is only service between 1 April 2014 and 31 March 2022 that will be assessed under both "final salary" and "career average" calculations. Service before 1 April 2014 will be assessed only under the final salary arrangements of the previous LGPS. Service from 1 April 2022 will only be assessed using a "career average" basis.**

3. The final salary for comparison purposes is the salary when the member ceases to be an active member or reaches age 65. Therefore, some underpin calculations will still need to be undertaken in the 2050s!

4. As paragraph 136 of the Consultation makes clear *"A major challenge of implementing the changes proposed would apply in respect of obtaining additional data from employers for members who are newly benefitting from underpin protection – estimated to be around 1.2 million individuals. Under the 2014 Scheme, certain member data which was required for administering the 2008 Scheme… are not required for calculating member benefits. To administer the revised underpin, administrators would need to obtain this data for qualifying members for the period back to April 2014… Particular challenges are likely to arise where employers have changed their payroll provider, and the data isn't stored in current systems."*

Assuming the Consultation proposals are implemented then this will result in a huge task for Pension Administration Teams such as that which services the Haringey Fund.

This challenge goes way beyond the major Data collection/analysis implications of the proposed solution and will also require significant Governance, Communication and Training challenges. Careful planning and appropriate resourcing will be required to ensure that implementation of the remedy within Haringey is as smooth and effective as possible. There is a huge task facing individual LGPS Funds, such as Haringey, to implement the amendments to the underpin.

The Haringey Fund will need to develop and implement a project plan and commence the necessary steps to implement the “McCloud” remedy. This should include consideration of the extensive governance, data, communication, training and education activities that will require to be undertaken. Consideration should also be given to additional resourcing to implement the “McCloud” remedy. Given the scale of the task, all LGPS Funds need to plan and consider what they can do now to prepare for implementation including considering what additional resources will be required.

The increase in liabilities resulting from the proposed “McCloud” remedy is uncertain and dependent on a number of variables. It is however not expected to be material in relation to the total liabilities of the LGPS. Paragraph 142 of the Consultation provides an estimate based on work by the Government Actuary Department (GAD) which states *“…Assuming future member experience replicates the 2016 scheme valuation assumptions the future cost to LGPS employers could be around £2.5bn in the coming decades...”* The Value of LGPS liabilities at 31 March 2019 was (according to the Scheme Advisory Board Annual Report) £296 billion and therefore the GAD estimate suggests an increase in liabilities of less than 1%.

This estimate by GAD may however be a significant over estimate. Hymans Robertson who are the Actuary to the Haringey Fund have stated in a Briefing Note, of 17 July 2020, that *“Based on typical LGPS funding assumptions, we estimate that total liabilities might increase…around £0.5bn across the whole of the English & Welsh LGPS.”* The Hymans Briefing Note goes on to state *“This estimate is significantly less than the £2.5bn quoted in the LGPS consultation. This will be due to a combination of factors, with the pay growth assumption being a crucial one. The Government estimate uses CPI +2.2% pa which is significantly higher than that used by a typical LGPS fund (which might only be around CPI + 0.7% pa).”*

While the impact of the “McCloud” remedy on liabilities is likely to be very small at the level of a whole LGPS Fund, for example the Haringey Fund, it could possibly be significant for some Employers. For many Employers with a mature workforce, like most councils, there is likely to be minimal impact. However, for Employers with a young workforce there could be a material impact on costs. Also, smaller Employers may possibly be more affected as the change in an individual member's benefits may make up a significant proportion of their liabilities. Consequently, the impact on smaller Employers is likely to be more volatile. The Hymans Briefing Note of 17 July 2020 includes the following commentary:

"The variation in McCloud underpin impact arises due to differing membership profiles, and particularly age. Younger members will have a longer period of salary increases compared to older members (especially once promotional increases are considered, which tend to be higher at younger ages). There is therefore a higher likelihood that the underpin 'bites' for younger members. Our modelling suggests that some employers may see their total liabilities increase by as much as 5-10% (which may equate to at least a 1% of pay contribution rate increase), whilst other employers will see no impact at all. There is also the potential for one-off significant increases which may result in an impact greater than noted above, for example, an employer with only one member who is awarded a significant pay increase..." The issue of the effects of the proposed "McCloud" remedy on individual Employers is therefore a matter the Haringey Fund may wish to raise with its Actuary Hymans Robertson.

The full (69 page) Consultation issued by the MHCLG to address the unlawful age discrimination in the present LGPS Regulations entitled "Amendments to the statutory underpin may be accessed at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901173/Condoc_-_amendments_to_LGPS_underpin_-_FOR_PUBLICATION.pdf

John Raisin

5 October 2020

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Agenda Item 10

Report for: Pensions Committee and Board – 20 October 2020

Title: Forward Plan

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy s151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions
Email: oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1860

Ward(s) affected: Not applicable

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. The purpose of the paper is to identify topics that will come to the attention of the Committee and Board in the next twelve months and to seek members' input into future agendas. Suggestions for future training are also requested.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1. To identify additional issues and training for inclusion within the work plan and to note the update on member training attached at Appendix 3.

4. Reason for Decision

4.1. Not applicable

5. Alternative options considered

5.1. Not applicable

6. Background information

6.1. It is best practice for a Pension Fund to maintain a work plan. This plan sets out the key activities anticipated in the coming twelve months in the areas of governance, members/employers, investments and accounting. The Committee and Board is invited to consider whether it wishes to amend future agenda items as set out in the work plan.

Haringey LONDON

6.2. Members will recall that the governance review recommended that the Committee and Board should be provided with an update on member training. This information is provided in Appendix 3 of the report.

7. Contribution to Strategic Outcomes

7.1. Not applicable

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

<u>Finance and Procurement</u>

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

<u>Legal Services Comments</u>

8.2. The Assistant Director of Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

<u>Equalities</u>

8.3. Not applicable

9. Use of Appendices

9.1. Appendix 1: Forward Plan
9.2. Appendix 2: Training Plan
9.3. Appendix 3: Update on TPR Public Service Toolkit/Training Needs Analysis

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

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APPENDIX 1

20 October 2020	17 November 2020	21 January 2021	4 March 2021	July 2021
Standing Items				
Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies	Administration Report - Membership Update - Auto-enrolment - Schedule / Admitted Bodies
Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance/LGPS Update Report (if required)	Governance 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	Work/Forward Plan and Training Opportunities
Risk Register Review / Update (Funding/Liability)	Risk Register Review / Update (Governance & Legal)	Risk Register Review / Update (Administration & Communication)	Risk Register Review / Update (Accounting & Investments)	Risk Register Review / Update (Administration & Communication)
Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update		Quarterly Pension Fund Performance & Investment Update	Quarterly Pension Fund Performance & Investment Update
Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report	Quarterly LAPFF Engagement Report
Fund Administration and Governance				
	Investment Consultancy Services Procurement	Review/update of Fund Conflicts of Interest Policy (if necessary)	Review/update of Internal Disputes Resolution Policy and Pensions Administration Strategy Statement	Annual Pension Fund Accounts and Annual Report (including various statutory documents)

20 October 2020	17 November 2020	21 January 2021	4 March 2021	July 2021
	Annual Pension Fund Accounts and Annual Report (including various statutory documents) - This item may be deferred until November 2020			
Investments				
Investment Strategy - Renewable Energy and Private Equity Commitments	Investment Strategy - Gilts portfolio			
	Investment Strategy - Residential Property (dependent on London CIV progress on developing an investment offering)			
	RAFI Multi Factor Climate Transition Strategy - Final Report			
Funding and Valuation				
Training				
Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update	Training & Conferences Update
Tbc	Tbc	Tbc	Tbc	Tbc

TRAINING PROGRAMME **APPENDIX 2**

https://live.ft.com/Events/Pensions-Expert-Local-Government-Pension-Scheme-Forum-2020

Date	Website	Conference / Event	Training/ Event Organiser	Cost	Delegates Allowed
	http://www.lgpsboard.org/	Scheme Advisory Board Website	LGPS Scheme Advisory Board	Free - Online	N/A
	www.thepensionsregulator.gov.uk	The Pension Regulator's Pension Education Portal	The Pension Regulator	Free - Online	N/A
	https://trusteetoolkit.thepensionsregulator.gov.uk/?redirect=0	The Pension Regulator's Trustee Toolkit	The Pension Regulator	Free - Online	N/A
	http://www.lgpsregs.org/	LGPS Regulation and Guidance	LGPS Regulation and Guidance	Free - Online	N/A
	http://www.lgps2014.org/	LGPS Members Website	LGPS	Free - Online	N/A
	www.local.gov.uk	Local Government Association (LGA) Website	LGA	Free - Online	N/A
07-Oct-20	Virtual - tbc	Introduction to LGPS	CIPFA	£345 or CIPFA Pensions	N/A
19-Feb-21	Virtual - tbc	LGPS Local Pension Board Officers Spring Seminar 2021	CIPFA/Barnet Waddinham	£140 or CIPFA Pensions Network	N/A

Please contact Thomas Skeen, Head of Pensions, if you wish to attend any of these courses.

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APPENDIX 3

Cllr John Bevan (Chair)	✓	✓
Cllr Julie Davis (Vice Chair)		
Cllr Viv Ross	✓	✓
Cllr (Dr) James Chiriyankandath		
Cllr Paul Dennison	✓	✓
Cllr Noah Tucker		
Keith Brown	✓	✓
Ishmael Owarish	×	✓
Randy Plowright	×	✓

Link to the public sector toolkit:

http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx#s16691

Report for: Pensions Committee and Board – 20 October 2020

Title: Risk Register

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy s151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions
Email: Oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1860

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. This paper provides an update on the Fund's risk register and an opportunity for the 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 asked:

3.1. To note the risk register.

3.2. To note the area of focus for review at the meeting is 'Funding/ Liability' 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 requires that the Committee and Board establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

6.2. The Committee and Board approved a full version of the risk register on 20 September 2016 and from each meeting after this date different areas of the register have been reviewed and agreed so that the risk register always remains current.

6.3. An abridged version of the full register is attached. This highlights the areas to be considered for this Committee and Board meeting in line with the agreed work plan for regular review of the risk register. Red rated risks are highlighted separately.

7. Contribution to Strategic Outcomes

7.1. Not applicable

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

<u>Finance and Procurement</u>

8.1. The Chief Finance Officer confirms that there are no financial implications directly arising from this report.

<u>Legal</u>

8.2. The Assistant Director of Corporate Governance has been consulted on the content of this report. The recommendation would enhance the administering authority's duty to administer and manage the Scheme and is in line with the Pension Regulator's Code of Practice.

<u>Equalities</u>

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Haringey Pension Fund Risk Register (Abridged Version)

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

Haringey LONDON

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
		GOVERNANCE	
1	GOV1	Pension Fund Objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	3
2	GOV2	Frequent and/or extensive turnover of committee members causing a loss of technical and operational knowledge about the Fund and an inexperienced Committee/Board.	12
3	GOV3	Members have insufficient knowledge of regulations, guidance and best practice to make good decisions.	12
4	GOV4	Member non-attendance at training events.	8
5	GOV5	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	4
6	GOV6	Committee members have undisclosed conflicts of interest.	3
7	GOV7	The Committee'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.	4
8	GOV8	Known risks not monitored leading to adverse financial, reputational or resource impact.	4
9	GOV9	Failure to recognise new Risks and/or opportunities.	4
10	GOV10	Weak procurement process leads to legal challenge or failure to secure the best value for the value when procuring new services.	5
11	GOV11	Failure to review existing contracts means that opportunities are not exploited.	4

Risk No	Cat Ref	Risk	Risk Ranking
		INVESTMENTS	
48	INV1	That the assumptions underlying the Investment and Funding Strategies are inconsistent.	10
49	INV2	That Fund liabilities are not correctly understood and as a consequence assets are not allocated appropriately.	5
50	INV3	Incorrect understanding of employer characteristics e.g. strength of covenant.	10
51	INV4	The Fund doesn't take expert advice when determining Investment Strategy.	5
52	INV5	Strategic investment advice received from Investment Consultants is either incorrect or inappropriate for Fund.	10
53	INV6	Investment Manager Risk - this includes both the risk that the wrong manager is appointed and /or that the manager doesn't follow the investment approach set out in the Investment Management agreement.	10
54	INV7	Relevant information relating to investments is not communicated to the Committee in accordance with the Fund's Governance arrangements.	4
55	INV8	The risks associated with the Fund's assets are not understood resulting in the Fund taking either too much or too little risk to achieve its funding objective.	10
56	INV9	Actual asset allocations move away from strategic benchmark.	12
57	INV10	No modelling of liabilities and cash flow is undertaken.	5
58	INV11	The risk that the investment strategy adopted by London CIV through fund manager appointments does not fully meet the needs of the Fund.	15

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
59	INV12	Risk that the Fund's investment performance, valuation and funding level is significantly reduced following the Coronavirus pandemic	15

Risk No	Cat Ref	Risk	Risk Ranking
GOVERNANCE			
12	GOV12	Weak process and policies around communicating with a scheme members and employers means that decisions are not available for scrutiny.	3
13	GOV13	Lack of engagement from employers/members means that communicating decisions becomes a "tick box" exercise and accountability is not real.	12
14	GOV14	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	5
15	GOV15	Failure to comply with guidance issued by The Pensions Regulator (TPR) and Scheme Advisory Board (SAB), or other bodies, resulting in reputational damage.	10
16	GOV16	Pension fund asset pooling restricts Haringey Pension Fund's ability to fully implement a desired mandate	5
17	GOV17	The Fund adopts and follows ill-suited investment strategy.	10
18	GOV18	The Fund's Governance processes are impaired following the Coronavirus Pandemic resulting in a lack of controls, or delays to decision making causing harm to the fund	10

Risk No	Cat Ref	Risk	Risk Ranking
COMMUNICATION			
60	COM1	Members don't make an informed decision when exercising their pension options whilst employers cannot make informed decisions when exercising their discretions leading to possible complaints and appeals against the Fund	12
61	COM2	Communication is overcomplicated and technical leading to a lack of engagement and understanding by the user (including members and employers).	6
62	COM3	Employer doesn't understand or carry out their legal responsibilities under relevant legislation.	12
63	COM4	Apathy from members and employers if communication is irrelevant or lacks impact leading to uninformed users.	9
64	COM5	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	8
65	COM6	Lack of information from Employers impacts on the administration of the Fund, places strain on the partnership between Fund and Employer.	12

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
LEGISLATION			
19	LEG1	Failure to adhere to LGPS legislation (including regulations, order from the Secretary of State and any updates from The Pension Regulator) leading to financial or reputational damage	5
20	LEG2	Lack of access to appropriate legislation, best practice or guidance could lead to the Fund acting illegally.	5
21	LEG3	Lack of skills or resource to understand complex regulatory changes or understand their impact.	8
22	LEG4	Risk that LGPS legislation regarding the benefits framework for the scheme changes significantly (and possibly at short notice) leading to increased fund liabilities due to McCloud and GMP rulings.	16
23	LEG5	Risk of legislation change post Brexit having negative impact on the fund	12
ACCOUNTING			
24	ACC1	The Pension Fund Statement of Accounts does not represent a true and fair view of the Fund's financing and assets.	5
25	ACC2	Internal controls are not in place to protect against fruad/ mismanagement.	5
26	ACC3	The Fund does not have in place a robust internal monitoring and reconciliation process leading to incorrect figures in the accounts.	8
27	ACC4	Market value of assets recorded in the Statement of Accounts is incorrect leading to a material misstatement and potentially a qualified audit opinion.	10
28	ACC5	Inadequate monitoring of income (contributions) leading to cash flow problems.	4

Risk No	Cat Ref	Risk	Risk Ranking
FUNDING/LIABILITY			
66	FLI1	Funding Strategy and Investment considered in isolation by Officers, Committee and their separate actuarial and investment advisors	10
67	FLI2	Inappropriate Funding Strategy set at Fund and employer level despite being considered in conjunction with Investment Strategy.	10
68	FLI3	Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases.	10
69	FLI4	Processes not in place to capture or failure to correctly understand changes to risk characteristics of employers and adapting investment/funding strategies.	10
70	FLI5	Processes not in place to capture or review when an employer may be leaving the LGPS.	10

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
29	ACC6	Rate of contributions from employers’ in the Fund is not in line with what is specified in actuarial ratings and adjustment certificate potentially leading to an increased funding deficit or surplus.	5
30	ACC7	The fund fails to recover adhoc /miscellaneous income adding to the deficit.	6
31	ACC8	Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	8
32	ACC9	Risk of the fund's accounts being delayed beyond statutory deadlines due to impacts of coronavirus pandemic. Delays beyond 30 November would mean the Fund would be unable to produce its annual report by the statutory deadline	6
33	ACC10	Risk of misstatement of figures in the Fund's accounts and potential audit qualification due to material uncertainty at the year end caused by the Coronavirus pandemic	9

ADMINISTRATION			
34	ADM1	Failure to act within the appropriate legislative and policy framework could lead to illegal actions by the Fund and also complaints against the Fund.	10
35	ADM2	Pension structure is inappropriate to deliver a first class service	5
36	ADM3	Insufficiently trained or experienced staff leading to knowledge gaps	8

Risk No	Cat Ref	Risk	Risk Ranking
71	FLI6	Processes not in place to capture or review funding levels as employer approaches exiting the LGPS.	10
72	FLI7	Investment strategy is static, inflexible and does not meet employers and the Fund's objectives.	5
73	FLI8	Process not in place to ensure new employers admitted to the scheme have appropriate guarantor or bond in place.	5
74	FLI9	Level of bond not reviewed in light of change in employers pension liabilities.	8
75	FLI10	Processes not in place to capture or review covenant of individual employers.	8
76	FLI11	Processes not in place to capture and understand changes in key issues that drive changes to pension liabilities.	5
77	FLI12	Risk of the fund experiencing liquidity issues in the wake of the coronavirus pandemic, as a result of cashfow demands to pay pensions, and inability to sell investment assets or being forced to sell these in challenging market conditions, crystallising	5

Risk Register - Haringey Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
37	ADM4	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	5
38	ADM5	Failure to pay pension benefits accurately leading to under or over payments.	8
39	ADM6	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	8
40	ADM7	Not dealing properly with complaints leading to escalation that ends ultimately with the ombudsman	4
41	ADM8	Data protection procedures non-existent or insufficient leading to poor security for member data	10
42	ADM9	Loss of funds through fraud or misappropriation by officers leading to negative impact on reputation of the Fund as well as financial loss.	5
43	ADM10	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	10
44	ADM11	Cybersecurity, the risk posed to data and assets held by the fund, such as personal sensitive data regarding beneficiaries of the Fund.	10
45	ADM12	Risk of being unable to administer pension benefits due to the Coronavirus pandemic	5

Risk No	Cat Ref	Risk	Risk Ranking

Colour	Risk Level
	Low
	Moderate
	High
	Very High

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	**Cat Ref**	**Risk**	**Current Controls**	**Impact**	**Proba-bility**	**Overall Risk Rating**	**Respon-sibility**	**Timescale**
66	FLI1	Funding Strategy and Investment considered in isolation by Officers, Committee and their separate actuarial and investment advisors	Funding Strategy statement has explicit links to the investment strategy. Both the actuarial advisor and the investment advisor advise Officers and the Committee and work in partnership to ensure that the two strategies are compatible. The Funding Strategy once ready is presented to Committee for final review and approval.	5	2	10	HoP	Ongoing with any changes made to the investment strategy
67	FLI2	Inappropriate Funding Strategy set at Fund and employer level despite being considered in conjunction with Investment Strategy.	Fund commissions stochastic modelling from the fund's actuary to test the likelihood of success of achieving desired returns to deliver the Fund long term objectives of being able to pay retirement benefits as they fall due. The actuary sets a high probability bar for future service return and also a deficit recovery plan that recovers funding shortfall in the most efficient manner.	5	2	10	HoP; Fund Actuary	Mar-20

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK									
Risk No	**Cat Ref**	**Risk**	**Current Controls**	**Impact**	**Proba-bility**	**Overall Risk Rating**	**Respon-sibility**	**Timescale**
68	FLI3	Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases.	The Actuary as part of the triennial valuation reviews the Funding Strategy to take account of outcomes from the triennial valuation and sets appropriate contribution rate for each employer in the Fund. Similarly, a comprehensive review of the Investment Strategy is undertaken following a triennial valuation to ensure that the Strategy is still fit for purpose - annual and ad-hoc reviews are also undertaken where opportunities present itself.	5	2	10	HoP; Fund Actuary; Investment Consultant	Mar-20
69	FLI4	Processes not in place to capture or failure to correctly understand changes to risk characteristics of employers and adapting investment/funding strategies.	Regular profiling of employers' characteristics to ensure that assumptions are still relevant and the Funding Strategy is fit for purpose. Funding strategy statement has specific strategies in place for different types of employer depending on their covenant strength etc.	5	2	10	HoP; PAM	Ongoing
70	FLI5	Processes not in place to capture or review when an employer may be leaving the LGPS.	Employer monitoring done to capture key metrics that drive an employers' liabilities and status within the Fund. Contract dates for admitted bodies are monitored, so that officers are aware and able to identify employers that are due to leave the Scheme.	5	2	10	PAM; HoP	Ongoing

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Proba-bility	Overall Risk Rating	Respon-sibility	Timescale
71	FLI6	Processes not in place to capture or review funding levels as employer approaches exiting the LGPS.	Employer monitoring to capture key metrics that drive an employers' liabilities and status within the Fund. Contract dates for admitted bodies are monitored, so that officers are aware and able to identify employers that are due to leave the Scheme. Where an employer is admitted on a closed basis, this usually aligns with when the last active member on the employers payroll either retires or leaves the service of the employer.	5	2	10	PAM; HoP	Ongoing
72	FLI7	Investment strategy is static, inflexible and does not meet employers and the Fund's objectives.	The investment strategy is constantly under review and updated to ensure that the Fund is able to meets its objectives. The Investment Consultant/Independent Advisor along with officers of the fund have regular meetings to review the investment strategy and present options to the Committee for approval.	5	1	5	HoP	ongoing

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	**Cat Ref**	**Risk**	**Current Controls**	**Impact**	**Proba-bility**	**Overall Risk Rating**	**Respon-sibility**	**Timescale**
73	FLI8	Process not in place to ensure new employers admitted to the scheme have appropriate guarantor or bond in place.	The Fund's admission agreement policy requires potential admitted bodies to have a guarantor/bond in place. Or alteratively a pass through arrangement. Where an admitted body is unable to secure a bond, such an employer would be required to provide a guarantor to indemnify the pension fund against any risk from the employer becoming insolvent.	5	1	5	PAM; HoP	ongoing
74	FLI9	Level of bond not reviewed in light of change in employers pension liabilities.	All new admissions into the Fund are required to have a bond taken out in the name of the Fund or provide a guarantor, if a pass through arrangement is not used. The Fund Actuary undertakes a periodic review of employer profiles to assess the level of risk posed by individual employers to the Fund. The results of the employer profiling exercise is a factor in determining contribution rates for each employer in the Fund, so that the level of risk posed by an employer is commensurate with the rate of recovery of funding deficit.	4	2	8	PAM; HoP	ongoing

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	**Cat Ref**	**Risk**	**Current Controls**	**Impact**	**Proba-bility**	**Overall Risk Rating**	**Respon-sibility**	**Timescale**
75	FLI10	Processes not in place to capture or review covenant of individual employers.	The strength of covenant of individual employers is assessed before they are admitteed into the Fund. The strength of covenant is a significant factor when determining the terms of admission for a new admitted body to the Fund. Along with the employer profiling, strength of covenant of each individual employer is assessed periodically by the actuary and Head of Pensions.	4	2	8	HoP	ongoing
76	FLI11	Processes not in place to capture and understand changes in key issues that drive changes to pension liabilities.	The Haringey Pension Fund subscribes to a number of organisations that assists officers of the Scheme to keep abreast of development and changes to the Fund (including government legislation). Updates are received Local Authority Pension Fund Forum; CIPFA Pensions Network; London Pension Fund Forum. These forums/networks provide regular updates on all things local government pension and facilitates awareness of proposed or imminent changes to the LGPS or Investment regulations.	5	1	5	PAM; HoP	ongoing

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	**Cat Ref**	**Risk**	**Current Controls**	**Impact**	**Proba-bility**	**Overall Risk Rating**	**Respon-sibility**	**Timescale**
77	FLI12	Risk of the fund experiencing liquidity issues in the wake of the coronavirus pandemic, as a result of cashfow demands to pay pensions, and inability to sell investment assets or being forced to sell these in challenging market conditions, crystallising losses	The fund conducted a review of cashflows in April 2020 and made arrangements to ensure it held sufficient cash to provide for all cashflows for the remainder of 2020. Whilst there was a perceived risk of listed markets potentially ceasing or reducing trading, this has not materialised during the crisis to date.	5	1	5	HoP	Ongoing

RED RATED RISKS								
Risk No	**Cat Ref**	**Risk**	**Controls/Mitigations**	**Impact**	**Proba-bility**	Overall Risk Rating	**Respon-sibility**	**Timescale**
22	LEG4	Risk that LGPS legislation regarding the benefits framework for the scheme changes significantly (and possibly at short notice) leading to increased fund liabilities	Current legal challenges regarding the change from final salary in the scheme, and GMP will potentially impact on all public sector schemes, increasing liabilities and potentially changing the new career average benefits frameworks put in place in 2014 in LGPS. Officers will remain abreast of this situation and keep members informed.	4	4	16	CFO; HoP; PAM	Ongoing

58	INV11	The risk that the investment strategy adopted by London CIV through fund manager appointments does not fully meet the needs of the Fund.	The Fund is a founding member of London CIV and actively engages with them. The CIV has to reach consensus among its 32 funds, there is therefore a persistent risk that the full complement of mandates in the Fund may not be replicated by London CIV. However, there is acknowledgement within LGPS that more niche illiquid mandates will not transition into the pools in the near future due to the inefficiencies involved. Haringey has had a number of interactions with the CIV, in relation to fund managers, which have been generally positive. Haringey has benefited from fee savings, and has a number of investments that are either via the CIV or under the CIV's oversight. These are however still subject to Haringey specific monitoring meetings with the relevant Investment Manager which are organised by the Head of Pensions and attended by both the Head of Pensions and the Independent Advisor.	5	3	15	HoP	Ongoing
59	INV12	Risk that the Fund's investment performance, valuation and funding level is significantly reduced following the Coronavirus pandemic	The fund's value declined sharply in March 2020, however it has recovered following this, and at the current time has recovered to a level above that at the latest valuation. However there are significant concerns about global economic growth going forwards, which may result in sustained lower investment performance in the future.	5	3	15	HoP; PCB	Ongoing

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Agenda Item 12

Report for: Pensions Committee and Board – 20 October 2020

Title: Local Authority Pension Fund Forum (LAPFF) Voting Update

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy s151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions
Email: Oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1860

Ward(s) affected: N/A

Ward(s) affected: Not applicable

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and the Committee and Board has previously agreed that the Fund should cast its votes at investor meetings in line with LAPFF voting recommendations. This report provides an update on voting activities on behalf of the Fund.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1. To note this report.

4. Reason for Decision

4.1. Not applicable

5. Alternative options considered

5.1. Not applicable

6. Background information

6.1. The voting alert received from LAPFF and outcome of votes, as well as how the fund's equity manager, Legal and General Investment Management (LGIM) voted, is detailed below.

Company	Description	LAPFF Recommendation For/Oppose	LGIM Vote For/Oppose	AGM Vote outcome
Alphabet Inc	Equal shareholder voting; establishment of human rights risk oversight committee; Majority vote for election of Directors	For (x3)	For; For; For	Oppose 65%; Oppose 80%; Oppose 67%
Caterpillar Inc	Reelection of 2 Directors; Report on lobbying activities; Independent Board Chair; Shareholder action by written consent	Oppose; Oppose; For; For; For	For; For; For; For; Oppose	For 95.3%; For 95.3%; Oppose 66.9%; 69.7%; Oppose 56.1%
Delta Airlines	Climate lobbying report	For	For	Oppose 54.%
General Motors Company	Report on lobbying communications and activities	For	For	Oppose 67%
Mizuho Financial Group	Paris aligned investment strategy	For	For	Oppose 65.5%
3i Group PLC	Approval of remuneration policy	Oppose	For	For 94.2%
Tesla Inc	Executive compensation; disclosures on human rights	Oppose; For;	N/A - Meeting postponed	N/A - Meeting postponed
HomeServe	Remuneration Policy	Oppose;	Oppose	For 95.6%
Experian Plc	Remuneration Policy	Oppose	For	For 95.3%

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 further finance or procurement comments arising from this report.

Legal

8.2. The Assistant Director of Governance was consulted on the content of this report. There are no legal issues directly arising from this report.

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<u>Equalities</u>

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Not applicable

10. Local Government (Access to Information) Act 1985

10.1 Not applicable

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Report for: Pensions Committee and Board – 20 October 2020

Title: Pension Fund Quarterly Update and Investments Update

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Oladapo Shonola, Head of Pensions & Treasury
Email: Oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1680

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 updates on the following matters in respect of the three months to 30 June 2020:

- Investment asset allocation
- Independent Advisor's Market Commentary
- Funding Level Update
- Investment Performance
- London Collective Investment Vehicle (LCIV) Update

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1 To note the information provided in respect of the activity in the three months to 30 June 2020.

4. Reason for Decision

4.1 Not applicable

5. Alternative options considered

5.1 Not applicable

6. Background information

6.1. This update report is produced on a quarterly basis. The Local Government Pension Scheme Regulations require the Committee and Board to review investment performance. Appendix 2 to this report provides information to this end.

6.2. This report also provides an update on the work of the London CIV and commentary on the markets from Fund's Independent Advisor.

7. Contribution to Strategic Outcomes

7.1. Not applicable

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

Finance and Procurement

8.1. The CFO (S151 Officer) has been consulted on this report and there is no direct financial impact from the contents of this report.

Legal Services Comments

8.2. 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.

8.3. All monies must be invested in accordance with the Investment Strategy Statement (as required by Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016) and members of the Committee should keep this duty in mind when considering this report and take proper advice on the matter.

Comments of the Independent Advisor

8.4. As appended to this report in Appendix 1

Equalities

8.5. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equality from the recommendations contained within this report.

9. Use of Appendices

9.1. Appendix 1: Independent Advisor's Market commentary
9.2. Confidential Appendix 2: Pension Fund Performance
9.3. Appendix 3: Independent Advisor's Annual Market Background Report (2019/20)

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

11. Market Commentary

11.1. A market commentary on quarter two of 2020 prepared by the Fund's Independent Advisor is attached at appendix 1 to this report. The independent advisor has also prepared a separate report which reviews the markets for the whole of 2019/20. This report is attached at Appendix 3 of this report.

12. Update on the Fund's Accounts and Annual Report

12.1. The Fund's accounts and annual report are usually presented in the July Pensions Committee and Board meeting for the committee's approval. This would normally be expected to take place prior to 31 July in line with government deadlines. However, for 2019/20, exceptionally, the government has delayed the deadline by which it is expected that audits are concluded and accounts approved to 30 November.

12.2. The Fund's annual accounts were delayed in being produced (compared to previous years), due to delays in receiving valuation information for some of the fund's assets, the draft accounts were published at the same time as the Council's accounts on 29 June. Additionally, some of the information which would be included in the fund's annual report was unavailable within normal timescales.

12.3. Auditors have commenced their work but are not expected to conclude the audit of the pension fund accounts until late October. Officers and the auditor are working towards concluding the audit before the November Pensions Committee and Board meeting, so that the Committee can approve the accounts and annual report at this meeting.

13. Funding Position Update

13.1. At the most recent valuation 31 March 2019, the Fund had a funding position of 100.4% - meaning that the fund's investment assets were sufficient to pay all pension benefits accrued at that date, based on the underlying actuarial assumptions used.

13.2. The Fund's Actuary, Hymans Robertson LLP, has calculated an indicative funding position update for 31 March 2020, and this showed a decrease to a 92.8% funding level. This position was down from 31 December 2019 showed 104.6%.

13.3. The 100.4% funding level as at 31 March 2019 corresponded to a net surplus of £6m, which has decreased to an indicative deficit of £102m as at 31 March 2020. This is largely due to the impact of Covid 19 on global markets, but most of the decrease have been recovered in the quarter ending 30 June 2020.

14. Portfolio Allocation Against Benchmark

14.1. The value of the fund increased by £128.4m between March 2020 and June 2020 – further details are shown in the following table. The increase between the quarters is largely due to recovery of losses incurred when the economy was shut down due to Covid 19.

Total Portfolio Allocation by Manager and Asset Class

	Value 31.03.2019 £'000	Value 31.12.2019 £'000	Value 30.03.2020 £'000	Value 30.06.2020 £'000	Allocation 30.06.2020 %	Strategic Allocation %	Variance %
Equities							
Multi Factor Global	274,055	300,675	235,740	274,810	18.93%	19.20%	-0.27%
Emerging Markets Low Carbon	99,382	106,392	86,999	103,032	7.10%	6.60%	0.50%
Global Low Carbon	281,914	306,198	245,870	293,085	20.19%	19.20%	0.99%
Total Equities	**655,351**	**713,265**	**568,609**	**670,927**	**46.23%**	**45.00%**	**1.23%**
Bonds							
Index Linked	**195,855**	**196,822**	**217,519**	**220,605**	**15.20%**	**15.00%**	**0.20%**
Property							
Aviva	**0**	**49,792**	**47,865**	**47,763**	**3.29%**	**5.00%**	**-1.71%**
CBRE	**97,136**	**99,277**	**97,214**	**93,855**	**6.47%**	**7.50%**	**-1.03%**
Private equity							
Pantheon	**65,489**	**67,376**	**70,569**	**71,742**	**4.94%**	**5.00%**	**-0.06%**
Multi-Sector Credit							
CQS	**126,267**	**115,625**	**96,013**	**108,233**	**7.46%**	**7.00%**	**0.46%**
Multi-Asset Absolute Return							
Ruffer	**152,887**	**136,012**	**132,914**	**134,632**	**9.28%**	**7.50%**	**1.78%**
Infrastructure Debt							
Allianz	**43,611**	**46,976**	**42,260**	**41,692**	**2.87%**	**3.00%**	**-0.13%**
Renewable Energy							
CIP	**3,538**	**8,127**	**15,952**	**16,493**	**1.14%**	**2.50%**	**-1.36%**
Blackrock	**21,066**	**23,355**	**26,493**	**26,686**	**1.84%**	**2.50%**	**-0.66%**
Cash & NCA							
Cash	**22,968**	**16,763**	**12,804**	**18,764**	**1.29%**	**0.00%**	**1.29%**
Total Assets	**1,384,168**	**1,473,390**	**1,328,212**	**1,451,392**	**100%**	**100%**	**0.00%**

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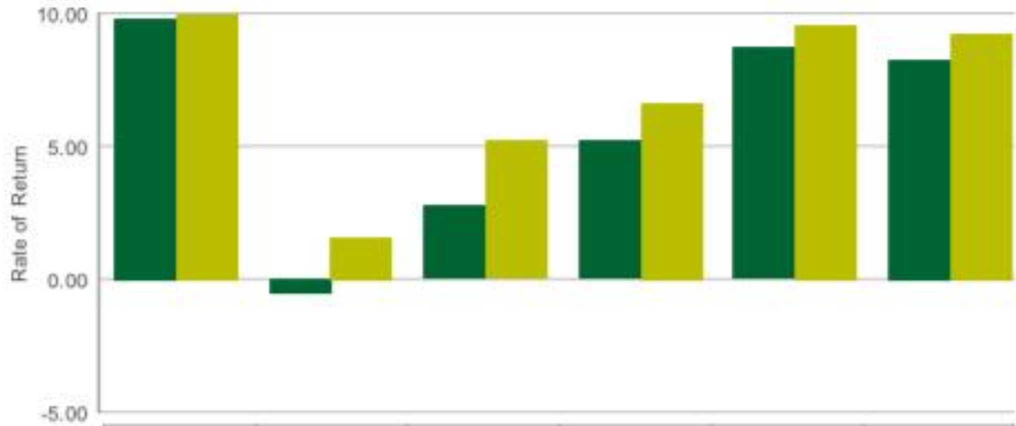
Investment Performance

14.2. A performance strategy report is attached to this report at confidential appendix 2, this is prepared by the Fund's Custodian, Northern Trust. The Fund's overall returns for the quarter are summarised in the chart below:

HARINGEY PENSION FUND TOTAL FUND GROSS OF FEES



	Three Months	Year to Date	One Year	Three Years	Five Years	ITD
Fund	9.80	-0.51	2.76	5.18	8.68	8.26
Index	9.98	1.57	5.19	6.62	9.55	9.24

Index: Haringey New Total Plan BM

14.3. The Fund's annual report will be presented for approval to Pensions Committee and Board at the November meeting, alongside the Fund's annual accounts. The annual report includes comparative performance information that benchmarks the fund against its group of peers of other LGPS funds. In recent years, the fund has compared well to its peer group, with performance over the long term generally being in the top quartile. The benchmarking exercise for this show that an average LGPS Fund delivered performance of around -4.8% over the course of 2019/20. At -3.7% performance for the year, Haringey ranked 38 out of 100 funds putting it in the second quartile in terms of performance relative to other local authority pension funds.

15. London Collective Investment Vehicle (LCIV) Update

15.1. The London CIV held its Annual General Meeting (AGM) on 16 July 2020. The annual review presentation at the AGM can be found here.

15.2. The Chair of the PCB was unable to attend the AGM due to access restrictions on the Council's standard issued laptop. The restriction on the Chair's profile has now been lifted following discussions with the Council's Digital Services team. LCIV have been made aware of this issue and have provided alternative means of connection for future meetings as backup to direct access from a standard council issued laptop.

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15.3. There have been three key permanent appointments at the LCIV in the past few months:

- Jason Fletcher – Chief Investment Officer;
- Jacqueline Jackson – Head of Responsible Investment; and
- Cameron McMullen – Client Relations Director.

15.4. The LCIV continues to implement its business plan. There continues to be a focus on expanding the portfolio of assets available to client funds. 'Request For Providers' were completed in September 2020 for advisors to help select investment managers for two funds, renewable infrastructure and private debt. Also, the London Fund which is a collaboration between LCIV and LPP, another LGPS pool, is progressing and on track to be launched in line with the business plan.

15.5. Three sub fund managers remain under enhanced monitoring one of which is CQS who have been in this position for over 6 months. A decision has been taken by the LCIV executive committee to appoint a second multi asset credit (MAC) manager that will allow the fund to have exposure to all parts of the credit market.

15.6. The LCIV have made clear that they will mandate a 50/50 split between the two managers once the second manager has been appointed. Historically, LCIV appoint sub fund managers and client funds such as Haringey are left to decide which manager they wish to invest with. There is concern that the approach taken by the LCIV in mandating a 50/50 split could set a dangerous precedent and is potentially usurping the powers of pension committees.

15.7. The Deputy Chief Investment Officer of LCIV has been invited to this meeting to brief the Committee on its rationale for electing to appoint a second multi credit asset manager and address concerns about the 50/50 split mandate that they are imposing on client funds that wish to invest in the LCIV's MAC fund.

16. RAFI Multi Factor Climate Transition Strategy

16.1. The PCB agreed in principle in the March 2020 meeting to utilise a low carbon variant of the RAFI multifactor strategy, subject to implementation considerations once this is launched. The RAFI Mult Factor Climate Transition strategy has been created at the request of the Fund and will be ready to launch at the end of October 2020.

16.2. A meeting has been scheduled between all parties involved in the implementation of this strategy for 16 October. The Committee will be briefed on the outcome of the officers/advisors' meeting scheduled for 16 October which will finalise details of how the strategy will be implemented. Following the launch of the strategy, a paper will be presented to the November Committee meeting asking for approval to invest.

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Independent Advisors Report

Market Background April to June 2020

April to June 2020 was characterised by a clear disconnect between the economy and households on the one hand and financial markets. While many businesses faced temporary or permanent closure and millions of employees faced either unemployment or the threat of unemployment (with US unemployment at 11.1% in June 2020 compared to 3.5% in February and around 30% of UK employees on the Government's Furlough scheme) equity markets saw huge gains which erased much of the losses of late February and March 2020. There were however significant discrepancies in equity sector performance. Information technology was a generally very strong performer as would be expected in a lockdown/social distancing environment. In contrast banks struggled in an environment of ultra low interest rates and economies in distress.

The MSCI World Index which fell over 21% in the January to March Quarter recovered much of this loss in the April to June Quarter to close on 30 June 2020 less than 8% lower than at 31 December 2019. US stocks enjoyed a dramatic rebound. The S&P 500 index which fell 20% in the January to March Quarter ended the April to June Quarter only 4% lower than at the start of January. Unprecedented central bank monetary policy stimulus, led by the US Federal Reserve, backed up by the fiscal initiatives of various governments provided the support to facilitate this recovery.

As the press release issued on 10 June 2020 after the June meeting of the policy setting Federal Open Markets Committee (FOMC) of the US Federal Reserve correctly stated *"the Coronavirus outbreak is causing tremendous human and economic hardship across the United States and around the world…"* COVID-19 has heavily affected the US economy. The "advance" estimate from the US Bureau of Economic Analysis, of 30 July 2020, indicated that "*…gross domestic product (GDP) decreased at an annual rate of 32.9 percent in the second quarter of 2020…"* Compared with the previous three months the economy contracted 9.5%.This was the largest contraction since World War II.

In December 2019 unemployment had been at a 50 year low of 3.5%. By March 2020 it had risen to 4.4%. There was a huge increase in April to 14.7%. This is the highest level recorded in the present series of the US Bureau of Labor Unemployment Rate statistics which date back to 1948. By the end of June, the rate was still 11.1% and above any recorded between 1948 and 2019. Inflation as measured by the Personal Consumption Expenditures (PCE) Index (the US Federal Reserve's preferred inflation measure) has long run clearly below the Federal Reserve's 2% target. The Minutes of the June 2020 FOMC indicate that the Committee believes COVID-19 will result in lower inflation stating *"… the overall effect of the outbreak on prices was seen as disinflationary… Observing that inflation had been running somewhat below the Committee's 2 percent longer-run objective before the coronavirus outbreak, some participants noted a risk that long-term inflation expectations might deteriorate. Participants noted that a highly accommodative stance of monetary policy would likely be needed for some time to achieve the 2 percent inflation objective over the longer run."*

In contrast to the weakness of the economy US equities regained most of the losses suffered in the previous Quarter. Late February and March 2020 saw dramatic falls in equity markets before efforts led by the unprecedented actions of US Federal reserve led to a turnaround in late March. Despite this the S&P 500 closed at 2,585 on 31 March 2020 compared to 3,231 on 31 December 2019. April saw a dramatic turnaround with the S&P 500 closing at 2,912 on 30 April. By the end of May the index had risen to 3,044 and on 8 June it closed at 3,232 fractionally above its 31 December level! At the close on 30 June the index stood at 3,100. This was an increase of 20% over the April to June Quarter leaving the S&P 500 only 4% lower than at the close on 31 December 2019. The particular recovery in the US equity market was undoubtedly assisted by the unprecedented actions of the US Federal Reserve which are described in some detail in the Independent Advisors Market Background report for January to March 2020.

The FOMC of the US Federal Reserve which had introduced extraordinary measures to support the economy and financial markets in March 2020 continued this approach at its April and June meetings. The very low interest rate policy introduced in March was maintained at the April and June meetings when *"the Committee decided to maintain the target range for the federal funds rate at 0 to ¼ percent."* Forecasts issued after the June meeting indicated Federal Reserve policymakers expect interest rates to remain at this level until 2022. The Federal Reserve undertook asset purchases and implemented the unprecedented policy (announced in March) of purchasing corporate bonds. Central Bank support undoubtedly supported and buoyed equity markets but so must the fiscal stimulus provided by the Federal Government (which included a $1,200 payment to individuals with a yearly income under $75,000 and $1,200 billion support to businesses) and investor optimism with markets positively reacting, for example, to signs of laid off workers returning and some turnaround in the unemployment statistics.

Although not as positive as US equities Eurozone equities enjoyed a significant recovery in the April to June Quarter. The MSCI EMU Index increased by 17% (in Euro terms) to offset a sizable proportion of the 25% loss of the January to March 2020 Quarter – this left the index around 12% lower than at the beginning of January. The significant monetary policy interventions of the major central banks of March 2020 including the European Central Bank (ECB), supported equity markets in this Quarter as did additional monetary policy easing announced by the ECB at its April and June meetings. This included an expansion, in June, of the ECB's Pandemic Emergency Purchase Programme (PEPP) – covering government and corporate debt - from 750 billion to 1,350 billion Euros. Fiscal policy interventions to support businesses and employees by major governments including France, Germany, Italy and Spain and easing of lockdown restrictions during the April to June Quarter also supported the equity market recovery.

The Eurozone economy suffered a large contraction in the April to June Quarter with GDP down by 12.1% compared to the previous Quarter according to preliminary flash estimates issued on 31 July 2020. Eurostat stated "*these were by far the sharpest declines observed since the time series started in 1995."* Eurozone unemployment which had been 7.4% in December 2019 was 7.8% in June 2020. This small increase reflects the fact that there are furlough schemes covering millions of workers in France, Germany, Italy and Spain and many of these jobs could be at risk when they end. In 2019 headline Eurozone inflation was well below the ECB policy objective of below, but close to 2% over the medium term. By December 2019 Eurozone headline inflation had climbed to 1.3%. The onset of COVID-19 has however also clearly negatively impacted the inflation policy objective with Eurozone inflation at 0.3% in June 2020.

COVID-19 had a huge negative effect on the United Kingdom economy during the April to June 2020 Quarter causing (to quote the Bank of England Monetary Policy Summary issued 18 June 2020) *"severe economic and financial disruption*." To take just one example - by 30 June there were, according to statistics released by HM Revenue and Customs, 9.4m employees on the Government's furlough scheme. This represents around 30% of UK employees. Consumer Price Inflation (CPI), which had been 1.5% in March 2020 fell way below the Bank of England target of 2%. CPI was 0.8% in April, 0.5% in May and 0.6% in June.

Although UK equities gained 10% (as measured by the FTSE All Share) over the April to June Quarter they clearly lagged world markets generally which increased by approximately 19% (as measured by the MSCI World Index) and continued their long period as unloved by investors. Given the COVID-19 dominated environment a 10% gain over the Quarter must, however, still be viewed as somewhat positive. The Quarter saw a recovery by the FTSE All Share Index doubtlessly facilitated by the huge fiscal stimulus of government, the continuing monetary policy stimulus of the Bank of England (which expanded its asset purchase programme from £645 billion to £745 billion at its June Monetary Policy Committee meeting and maintained Base Rate at its all time low of 0.1% throughout the Quarter) and indications of consumer spending and output increases as COVID-19 restrictions were eased during the Quarter.

Japanese Equities (as measured by the Nikkei 225 Index) had lost 20% in the January to March Quarter. The April to June Quarter was, however, clearly very positive with the Nikkei 225 gaining approximately 18%. This resulted in the Nikkei 225 ending June about 6% lower than at the end of December 2019. One reason for the bounce back by Japanese equities may be the policy decision taken by the Bank of Japan at its 16 March 2020 meeting to increase its purchase activity relating to Japanese Exchange Traded Funds (ETF's) and its subsequent implementation of this. The Bank of Japan also announced further measures, including increasing its ability to purchase government and corporate bonds to support the economy and markets during the April to June Quarter. The Japanese Government announced major support packages in April and May primarily directed at business and employment support.

Asian (excluding Japan) and Emerging Market equities both enjoyed a positive Quarter. The MSCI AC Asia (excluding Japan) returned 17% (in $ terms) compared to a loss of 18% in the previous Quarter. The MSCI Emerging Markets index returned a positive return of 18% (in $ terms) following a torrid January to March Quarter when the Index lost approaching 24% (in $ terms). The reopening of markets during the April to June Quarter and central bank stimulus by Asian/Emerging Market as well as the major central banks facilitated a recovery in equity prices despite the ongoing COVID-19 emergency and economic weakness.

As reported by the National Bureau of Statistics of China the Chinese economy grew by 3.2% in the April to June Quarter compared with the same period in 2019. This followed a fall of 6.8% in the January to March Quarter. China is the first major economy to report growth in the context of the COVID-19 emergency. This surely reflects both the fact that as the source of COVID-19 China has had longer to seek to tackle the virus, and also government support for the economy.

The leading Government Bonds - US, UK and Germany – had had a very positive January to March Quarter with prices rising significantly (and yields consequently falling) as investors favoured their perceived safety as equity markets fell and a severe global recession seemed likely. During the April to June Quarter investors maintained their appreciation of these assets. The US and German 10 year bond yields which opened the Quarter at the low yields of 0.67 and -0.47 were little changed by the end of June closing at 0.66 and -0.45. The 10 year UK Gilt increased further in value as the yield fell from 0.36 to 0.17 – the increase in Gilt prices perhaps reflected concerns regarding the future of the UK after its current agreement with the European Union ends in December 2020 and also a reaction to comments in May by Andrew Bailey the Governor of the Bank of England that negative interest rates were a possibility.

Corporate credit and in particular high yield had weakened in the January to March Quarter in the context of both economic and financial market weakness and indeed turmoil. In contrast the April to June Quarter saw corporate bonds perform strongly doubtlessly strengthened by supportive announcements from March onwards by the major central banks in relation to corporate bond purchases. A return of investor risk appetite was also a contributory factor as high yield as well as investment grade corporate credit enjoyed a clearly positive April to June 2020 Quarter.

In conclusion the April to July Quarter was extremely positive for equity markets despite a very poor economic environment including lockdowns/social distancing, GDP contraction, the potential for big increases in unemployment and extremely low inflation in developed economies. Additionally, as Jay Powell the Chair of the US Federal Reserve stated in his press conference of 10 June 2020 *"The extent of the downturn and the pace of recovery remain extraordinarily uncertain…"* All this clearly raises the vital question as to how much equity prices are now driven by optimism in markets based on central bank support, suggestions of a possibly viable vaccine, and any sign of economic momentum rather than by macroeconomic fundamentals and likely long term company earnings? Is fear of missing out another possible driver of the equity recovery? Volatility in equity markets going forward would clearly not be a surprise!

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Independent Advisors Report

Market Background 2019-20

Given the outbreak of COVID-19 and the huge fall in equity markets in late February and March 2020 it is easy to forget that for most of the year 1 April 2019 to 31 March 2020 global stocks increased in value and the world economy continued to experience positive, if modest, economic growth. During April to December 2019 markets were clearly influenced by pessimism and ultimately optimism regarding US-China trade relations, and accommodative major central bank policy. April to December 2019 saw global equities advance with the MSCI World Index up 11% and the United States S&P 500 up 14%.

April to December 2019 saw uncertainly in the United States-China trade relationship. 2019, however, ended positively – on 12-13 December both sides announced significant progress on a "Phase 1" deal. The US S&P 500 index reached a (then) new closing high of 3,169 on 13 December.

April to December saw strong consumer confidence in the United States and low unemployment in the major economies of the United States, the Eurozone and the United Kingdom. US unemployment was 3.5% in December 2019 a fifty-year low and Eurozone unemployment was 7.3% its lowest since the financial crisis of 2008. There were however also concerning economic indicators.

US inflation continued to be clearly below the Federal Reserve's 2% target. Eurozone and Japanese inflation remained well below the targets of their central banks. Economic growth showed signs of weakness. US annualised growth fell to below 2.5% compared with around 3% for the April to December 2018 period. Chinese growth at around 6% (annualised) was the lowest since 1990.

April to December 2019 saw the US Federal Reserve and the European Central Bank clearly move towards looser more supportive (of both financial markets and the economy) monetary policy. This was in clear contrast to 2018 when both had tightened their monetary policy approach with the Federal Reserve increasing interest rates three times in the period June to December 2018.

In July, September and October 2019 the US Federal Reserve reduced the target range for the federal funds rate by 0.25%. At the press conference following the October meeting Chair Jay Powell stated *"Today we decided to lower the interest rate for the third time this year…. weakness in global growth and trade developments have weighed on the economy and pose ongoing risks. These factors, in conjunction with muted inflation pressures, have led us to lower our assessment of the appropriate level of the federal funds rate…"*

The European Central Bank (ECB) also acted to support financial markets and the Eurozone economy. In June the ECB extended to at least the first half of 2020 the existing ultra-low interest rate policy. In September the ECB further loosened monetary policy including reducing the deposit interest rate by 0.1% to minus 0.5% and reintroducing quantitative easing which was restarted on 1 November at the rate of asset purchases of 20 billion Euros per month. The Bank of Japan continued its huge monetary stimulus programme which commenced in 2013.

The resolution of some of the trade tensions between the United States and China in late 2019 and the further loosening of monetary policy by the US Federal Reserve and ECB in the second half of 2019 had led to a general view that global stocks would continue their long upward trend through 2020. Indeed, on 19 February 2020 the US S&P 500 Index reached a new record closing high of 3,386 almost 5% above the 31 December 2019 closing figure of 3,231.

On 24 February 2020, however, equities across the globe began to rapidly fall following the decision of Italy to quarantine 10 towns in response to COVID-19 (Coronavirus). Concerns regarding COVID-19 then rapidly and hugely affected US equity markets and other major markets. By the end of Friday 28 February, the S&P 500 had fallen approximately 13% from its 19 February all-time high. On 28 February Federal Reserve Chair Jay Powell stated that *"… the coronavirus poses evolving risks to economic activity. The Federal Reserve is closely monitoring developments... We will use our tools and act as appropriate to support the economy."* The actions subsequently taken by, and led by the US Federal Reserve during March 2020 were unprecedented even in comparison to those following the 2008 financial crisis.

The governments of a number of leading world economies - the UK, Canada, France and Italy announced major fiscal initiatives to support their economies and citizens and also, by extension, financial markets on or before 20 March 2020. Measures included income subsidies for laid off workers, tax deferrals and state loans or guarantees for companies The German Parliament and US Congress also agreed unprecedented fiscal support packages in the last week of March. While these measures were crucial to mitigating the adverse impact of COVID-19 on economies and financial markets it was the extraordinary interventions of the US Federal Reserve which, surely, prevented a financial market meltdown in March 2020.

At an emergency meeting on 3 March 2020, the US Federal Reserve, reduced the target range for federal funds rate (its main interest rate) by ½%, to the range 1 to 1 ¼%. COVID-19 equity related market chaos continued however and was compounded by reaction to an oil price plunge on 9 March arising from Russian and Saudi Arabian action which resulted in a trading break in New York, the first time this measure had been used.

Then in an unscheduled (Sunday) meeting on 15 March the US Federal Reserve intervened on an unprecedented scale. The federal funds rate was reduced by a full 1% to the range 0% to ¼% and an asset purchase programme announced of *“at least”* $500bn of Treasury bonds and *“at least”* $200bn of mortgaged backed securities to *“support the smooth functioning of markets….”* To further support the flow of credit to businesses and households the US Federal Reserve also announced measures to ease requirements upon and to support banks and other savings institutions. To directly support not only the US markets and economy but other major developed markets and economies the Federal Reserve also announced, on 15 March 2020, *“co-ordinated action”* with a number of other central banks to lower the cost of borrowing dollars internationally.

The ECB acted decisively on 18 March announcing a 750 billion Euro Pandemic Emergency Purchase Programme (PEPP) covering government and corporate debt to *“…counter the serious risks to the… outlook for the euro area posed by the outbreak and escalating diffusion of the coronavirus, COVID-19.”* The Bank of England acted decisively reducing Bank Rate by from 0.75% to 0.25% on 10 March and then on 19 March to an all-time low of 0.10% together with the introduction of a £200 billion purchase programme of bonds. On 10 March, it also introduced measures to facilitate further lending to businesses by UK banks.

Turmoil however continued when markets reopened on Monday March 16. The S&P 500 fell by 12% only to rise by 6% on 17 March and then to fall by 5% on 18 March. On 16 March in the context of the clearly rapid spread of COVID-19 in Europe, closures and severe disruption to businesses not only in Europe but the US coupled with an admission by President Trump that the Coronavirus crisis could last till *“August, could be July, could be longer…”* US markets fell 12%. 18 March was a day of panic in world markets with the FTSE All World equity index falling almost 7%, government bond prices falling, oil prices again plummeting, sterling falling to its lowest level against the dollar since the 1980s. The S&P index closed on Friday 20 March at 2,305 which was 15% lower than at the close on Friday 13 March with liquidity shocks exacerbating the declines in equities.

Then on 23 March, the US Federal Reserve intervened in an unprecedented manner. First it extended its purchases of Treasury Bonds and mortgage backed securities from $700billion to *“the amounts needed to support smooth market functioning and effective transmission of monetary policy…”* This meant that to help facilitate the supply of credit to households and businesses the US Federal Reserve was prepared to buy unlimited amounts of government securities. Secondly, in an extraordinary break with previous precedent the Federal Reserve announced initiatives to purchase both new issue and secondary market corporate debt. This meant that in effect the Federal Reserve was prepared to directly support employers and act as a backstop in the corporate bond market.

In the days following this extraordinary intervention by the Federal Reserve of 23 March 2020, financial markets began to recover with the S&P 500 closing at

2,585 on 31 March a full 12% higher than on 20 March. Admittedly, after much argument Congress finally passed a huge $2.2 trillion fiscal stimulus on 27 March to assist US business and families. However, there can be no doubt that during March 2020 the US Federal Reserve acted decisively and in an unprecedented manner to avoid a financial market meltdown while the US Congress argued over what measures to take.

In summary, over the January to March 2020 Quarter global equity prices fell heavily with the MSCI World Index down 21% (in $ terms). European and UK equities were especially badly affected with the MSCI EMU Index down 25% (in Euro terms) and the FTSE All Share down 25% (in £ terms). The S&P 500 lost 20% as did the Nikkei 225.

Though the effects of COVID-19 were only really felt by the world economy and financial markets from late February onwards GDP data for the first Quarter 2020 demonstrates the immediate and devastating economic effects. The “Third” estimate from the US Bureau of Economic Analysis, issued on 25 June 2020, indicated that US *“gross domestic product (GDP) decreased at an annual rate of 5.0 percent in the first quarter of 2020…”* In the previous three Quarters an annualised rate of approximately plus 2% was achieved. Eurozone GDP was down 3.6% in the first Quarter of 2020, compared to the previous Quarter, according to a Eurostat data release of 20 July 2020. *Eurostat stated “These were the sharpest declines observed since time series started in 1995”* In each of the previous three Quarters Eurozone GDP increased by plus 0.1%-0.3%.

In conclusion the period April to December 2019 was positive for both equity markets and the world economy. However the effects of COVID-19 in late February and March 2020 resulted in a market crisis which would almost certainly have resulted in a financial market meltdown had it not been for the unprecedented actions of the US Federal Reserve supported by other major central banks and the fiscal policy initiatives announced by the governments of a number of leading world economies.

However, despite unprecedented monetary and fiscal stimulus by central banks and governments world equity markets were down over 20% for the January to March 2020 Quarter and the impact of COVID-19 on the world economy looked extremely serious. Overall, for the year 1 April 2019 to 31 March 2020 world equity markets measured by the MSCI World Index were down over 10%.

John Raisin
27 July 2020

Agenda Item 14

Report for:	Pensions Committee and Board – 20 October 2020
Title:	Private Equity and Renewable Energy Commitment Planning
Report authorised by:	Thomas Skeen, Assistant Director of Finance (Deputy S151 Officer)
Lead Officer:	Oladapo Shonola, Head of Pensions Email: oladapo1.shonola@haringey.gov.uk, Tel: 020 8489 1860
Ward(s) affected:	N/A
Report for Key/ Non Key Decision:	Non Key decision

1. Describe the issue under consideration

1.1. In July 2020, The Pensions Committee and Board (PCB) considered a report on the Fund's review of its investment strategy. The proposed changes in this report will allow the Fund to achieve and maintain 5% allocations to renewable energy and private equity in line with the Fund's revised investment strategy.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is asked:

3.1. To note the renewable energy and private equity commitment planning paper, appended as Confidential Appendix 1.

3.2. That, so the Fund can achieve and maintain its commitment to 5% allocation to renewable energy and private equity, to approve the proposals set out in Confidential Appendix 1, namely to:

(i) Commit £20m to private equity via Pantheon (split £15m into the Global Select 2019 Fund and £5m into the Global Co-Investment V Fund);

(ii) Commit £65m to London Collective Investment Vehicle (LCIV) renewable energy strategy, subject to investment due diligence, once the LCIV strategy is in a position to launch; and

(iii) Fund (i) and (ii) above from available cash holding and, where there is insufficient cash holdings, to fund from other liquid assets including: equity, bonds, multi asset absolute return and multi asset credit.

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3.3. To delegate authority to the Assistant Director of Finance to implement the above changes (if approved), on the advice of the Fund's investment consultant, and after consultation with the Chair of the Pensions Committee and Board and Independent Advisor.

4. Reason for Decision

4.1. The PCB is required to consider and approve changes to the Fund's investment strategy. This report seeks approval to increase the committed sums to renewable energy and private equity mandates in line with decisions made by the PCB at its July 2020 meeting and the Fund's investment strategy.

5. Alternative options considered

5.1. Not applicable

6. Background information

6.1. The July 2020 Committee approved the 'strawman portfolio 2' proposals that will allow the Fund to achieve and maintain 5% allocations to renewable energy and private equity and for the investment strategy to be adjusted accordingly.

Private Equity / Renewable Energy Commitment Planning

6.2. The paper in Confidential appendix 1 proposes how the PCB's decision is to be implemented. The paper proposes that the Fund allocate: an additional £20m to private equity to be invested through Pantheon (split £15m into the Global Select 2019 Fund and £5m into the Global Co-Investment V Fund); and £65m to renewable energy strategy, subject to investment due diligence, once the LCIV strategy is in a position to launch.

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. This paper is seeking to increase the commitments to two asset classes: private equity and renewable energy which the fund already invests in. The fund's existing investments in private equity will gradually fall below the target of 5% if a 'top up' allocation is not made. The Fund's existing commitments to renewable energy are currently below the 5% target, and a top up investment is required. Fund officers and the Investment Consultant have completed modelling of the anticipated cashflows from these investments for coming years in order to determine the amounts for these top up allocations.

8.2. This paper suggests action to enable the fund to achieve the targets set out in the Investment Strategy which was agreed in the previous meeting, in formulating this strategy, and in proposing the actions in this paper the fund has taken proper advice from the appointed Investment Consultant to the fund, in line with the regulatory requirement to do so.

Legal Services Comments

8.3. The investment proposed by the recommendation in this report must be in accordance with the Fund's Investment Strategy. The Investment Strategy set out the maximum percentage of the total value of all investments of fund money that will be invest in particular investments or classes of investment. Therefore, any decision made by the PCB with regards to that referred to in the recommendation must not exceed the maximum percentage for that particular or class of investment.

Equalities

8.4. Not applicable

9. Use of Appendices

9.1. Confidential Appendix 1: Private Equity and Renewable Energy Commitment Planning

10. Local Government (Access to Information) Act 1985

10.1. Not applicable

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

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