Annual Pension Fund Report and Accounts

For the year ended 31 March 2019

Contents

Introduction

Haringey Council presents its Annual Report and Accounts of the Haringey Local Government Pension Fund for the year ended 31st March 2019.

The Local Government Pension Scheme (LGPS) is a defined benefit pension scheme for the employees of local government and related organisations within the UK. It is a national scheme run locally by councils nominated as "Administering Authorities". Haringey Pension Fund was established on 1st April 1965.

Haringey Council is the Administering Authority in the London Borough of Haringey and runs the Scheme to provide retirement benefits to all eligible employees of Haringey Council and other scheme employers who participate in the fund in the borough. More detail about these organisations can be found in the Membership section on page 13. The Management report on page 11 provides further information about how the scheme is run. The Scheme's registration number is 00329316RX.

Scheme Rules

The benefits payable for members of the scheme in respect of service from 1st April 2014 are based on career average revalued earnings. Pensions are increased each year in line with the Consumer Price Index. For service prior to April 2014 benefits are based on final salary and years of service. Other than in accordance with legislative requirements, there were no increases to benefits in payment in the year. The Administration report on page 30 provides details about the administration of the Scheme.

Membership

There were 6,445 active members (2018: 6,716), 8,733 (2018: 8,719) deferred members, and 7,794 (2018: 7,742) pensioners and dependents receiving benefits. More details can be found in the Membership section on page 13.

Financial position

The financial statements and notes in Appendix 1 show that the value of the Fund's assets increased by £27m to £1,383m as at 31 March 2019. The majority of the Fund's investments delivered positive single digit performance over the year, with the fund's private equity and renewable energy infrastructure investments delivering the best returns for the year in double digits.

Investments

During the year the rate of return on the Fund's investments was 5.7%. This was 0.9% below the Fund's target of 6.6% for the year. The Fund participates in a benchmarking group maintained by the Pensions and Investment Research Consultants (PIRC): around two thirds of all LGPS Funds take part in this benchmarking group. The median performance in the benchmarking group in 2018/19 was a return of 6.6%. Over the course of 2018/19, Haringey's investment performance was in the 67th percentile out of all the funds which took part in this benchmarking (1st percentile being the best performing fund, 100th being the worst). However, Haringey's performance was in the 10th , 12th , and 16th percentiles over the rolling three, five and ten year periods which ended on 31 March 2019 respectively, showing that over the medium and long term the fund benchmarks well against its peers. More details of the investment strategy and the performance can be found on page 18.

Funding position

The last formal valuation of the funding position took place as at 31st March 2016, when the funding level was 79%. Details can be found in the Funding report on page 34. The next formal valuation will be carried out over the course of the 2019/20 financial year as at 31st March 2019.

Management and Financial Performance Report

- Governance Arrangements
- Service Delivery
- Pension Fund Advisers
- Management report for 2018/19
- Membership

Governance Arrangements

Haringey Council in its role as Administering Authority has delegated responsibility for administering the Pension Scheme to the Pensions Committee and Board. Details of the individuals who served on the Pensions Committee and Board during 2018/19 are shown below.

The terms of reference for Pensions Committee and Board are set out in the Council's constitution. The committee fulfils the duties required by regulations for the Council to operate a Pensions Board. The Committee and Board consists of elected Councillors, and employer and employee representatives all with equal voting rights. Councillors are selected by their respective political Groups and their appointments are confirmed at a meeting of the full Council. They were not appointed for a fixed term but the membership is reviewed regularly by the political groups. The other representatives were appointed by their peer groups. The membership of the Committee during the 2018/19 year was:

Councillor Matt White	Chair
Councillor John Bevan	Vice Chair
Councillor Viv Ross	
Councillor Kaushika Amin (until January 2019)	
Councillor Paul Dennison	
Councillor Khaled Moyeed	
Randy Plowright	Employee Representative
Ishmael Owarish	Employee Representative
Keith Brown	Employer Representative

Contact Details for Pensions Committee and Board

Pensions Committee and Board

C/O: Pensions Team

London Borough of Haringey

5th Floor, Alexandra House,

London, N22 7TR.

Governance Compliance Statement

The Pension Fund has published a Governance Compliance Statement in accordance with the LGPS Regulations and this is set out in Appendix 2. The objective of the statement is to make the administration and stewardship of the Pension Fund transparent and accountable to all stakeholders.

Service Delivery

Haringey Council Pension Service includes accounting, investments and pensions administration activity, this is managed by Haringey Council officers within the finance department. The pension service receives support from other services across the Council such as legal, human resources, procurement and democratic services.

The key tasks for the investments and accounting staff of the fund include:

- Support to the Committee and Board to set investment strategy and monitor investment performance;
- Managing the contracts with the Pension Fund's advisers;
- Producing the annual Pension Fund workplan and Annual report and accounts; and
- Maintaining the key governance statements the Pension Fund is required to publish (the current versions can be found in the Appendices to this report).

The Scheme Administration report on page 30 sets out the key tasks of the pensions administration service.

The Pension Fund's internal auditors are Mazars Public Sector Internal Audit Limited. Regular audits are carried out on both pension fund investments and pensions administration.

<u>Key Officer Contacts</u>

Director of Finance (S151 Officer)	Jon Warlow
Assistant Director Corporate Governance (Monitoring Officer)	Bernie Ryan
Head of Pensions, Treasury and Chief Accountant	Thomas Skeen
Pensions Manager	Janet Richards

Pension Fund Advisers

The Pension Fund retains a number of advisers to provide specialist advice and services. The contracts with these advisers are reviewed on a regular basis. A list of all advisers is provided below:

Secretary to the Committee	Assistant Director Corporate Governance (Monitoring Officer)
Scheme Administrator	Director of Finance (S151 Officer)
Actuary	Hymans Robertson LLP
Investment Managers	Legal & General Investment Management (LGIM) CBRE Global Investors Pantheon Allianz Global Investors Blackrock Copenhagen Infrastructure Partners (CIP) London CIV (Ruffer & CQS Subfunds)
Custodian	Northern Trust
Investment Consultants	Mercer UK Limited
Independent Adviser	John Raisin Financial Services Limited
Bankers	Barclays Bank Plc
Legal advisers	Assistant Director Corporate Governance (Monitoring Officer)
Additional Voluntary Contribution providers	Clerical and Medical Equitable Life Assurance Society Prudential Assurance
Internal Auditors	Mazars Public Sector Internal Audit Limited
External Auditors	BDO LLP
Investment Pool	London Collective Investment Vehicle (CIV)

Pensions Committee and Board Attendance 2018/19

Attendee	Voting Right	23 Jul 2018	13 Sep 2018	20 Nov 2018	21 Jan 2019	14 Mar 2019
Councillor Matt White	√	√	√	√	√	√
Councillor John Bevan	√	√	√	√	√	
Councillor Khaled Moyeed	√	√		√	√	
Councillor Kaushika Amin	√	√	√	√		
Councillor Paul Dennison	√	√	√	√	*	√
Councillor Viv Ross	√	√	√	*	√	√
Keith Brown	√		√	√	√	√
Randy Plowright	√	√		√	√	√
Ishmael Owarish	√	√	√	√	√	√

*substitution Councillor in attendance

Training was provided to committee members on a wide range of topics. Training sessions are generally held prior to meetings of the committee, or on half day slots as is deemed necessary consistent with the committee’s work plan at a given point. Committee members are also able to receive training from external providers, and this was the case throughout 2018/19. Training was provided in line with CIPFA’s knowledge and skills framework to ensure that the committee members received appropriate training.

Management Report for 2018/19

Financial Performance

The investment performance during the year was positive at 5.7% relative to benchmark of 6.6% - so the Fund underperformed its target by 0.9%. The majority of the Fund's investments delivered positive single digit returns, the best performance came from the fund's private equity and renewable energy infrastructure investments which delivered double digit returns.

In the medium to long term, the Fund has underperformed target slightly with returns of 11.5% against target of 11.9% over 3 years and returns of 10.1% against 10.5% over five years. All fund managers who have been engaged over 3 and 5 year periods, which provide a more meaningful view of performance figures than the 1 year figures, have delivered positive returns over these timescales.

The Fund participates in a benchmarking group maintained by the Pensions and Investment Research Consultants (PIRC): around two thirds of all LGPS Funds take part in this benchmarking group. The median performance in the benchmarking group in 2018/19 was a return of 6.6% - which Haringey did not exceed. Over the course of 2018/19, Haringey's investment performance was in the 67th percentile out of all the funds which took part in this benchmarking, (1st percentile being the best performing fund, 100th being the worst). Haringey's performance was in the 10th and 12th percentiles over the rolling three and five year periods which ended on 31 March 2019 respectively, showing strong performance over the longer term.

In 2018/19, the fund's assets increased by £27m from £1,356m to £1,383m. In the 2017/18 financial year, the corresponding figure was an increase of £48m, and investment performance of 4.4%. The increase in assets of £27m in 2018/19 takes accounts of the £40m bulk transfer out of the fund during the year, hence why the net increase in the fund was lower than the previous year, despite the performance return being higher.

Administrative Management Performance

The Fund's maintains a Pension Administration Strategy Statement, which was last updated in early 2018 and is reviewed regularly. During the financial year 2018/19 no formal action has been taken against any employers. The only breaches of the performance standards have been minor and have been dealt with informally. The timeliness of contribution payments from employers in the Fund has been monitored by the Pensions Committee and Board and issues have been followed up by the Fund's officers. Membership of the Fund has decreased by 205 in the financial year (from 23,177 in 2017/19 to 22,972 in 2018/19), as was expected due to a bulk transfer of c. 600 members from the fund when the College of Haringey, Enfield and North East London merged with another larger college and joined their pension fund.

Risk Management

Risk management is inherent to all pensions activity: both within the investment and administration of the fund. All activities carried out by officers of the fund include processes and procedures to manage relevant risks, and decision making by the Pensions Committee and Board includes robust risk assessment. The Pensions

Committee and Board tables a version of the fund's risk register in every meeting, where different areas of the risk register are reviewed and discussed in each meeting, with new risks added when they are identified. The highest rates risks are reviewed in every meeting. The risk register is available in the public section of the Pensions Committee and Board meetings which are published online.

The fund completes regular data matching exercises via specialist software provided by the fund's administration system, for example to identify pensioners who have passed away. The fund also receives NFI data for matching purposes.

Investment risk is a key risk which the Fund is exposed to due to the range of different types of assets the Fund has chosen to invest in. All investments are undertaken in line with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016 and in consideration of advice from the Fund's investment adviser and from the Independent Adviser.

The Committee and Board has set an investment strategy which involves a wide range of asset classes and geographical areas. This provides diversification which reduces the risk of low and volatile returns. Following the decision to invest a large portion of the Fund on a passive basis, the risk of underperforming the benchmark has been reduced.

The majority of the Pension Fund's assets are managed by external fund managers and they are required to provide audited internal controls reports regularly to the Council, which set out how they ensure the Fund's assets are safeguarded against loss and misstatement.

The Committee and Board consider reports on investment performance, responsible investment activities and other pertinent matters relating to investment risk and fund managers at each committee meeting.

The Council's pensions team, employed on behalf of the fund, are subject to annual audits, both by the external auditor (appointed by Public Sector Audit Appointments), and by the Council's internal auditor. Internal audits are performed separately for the fund's administration and investment/accounting functions. External and internal audits have been generally positive in recent years, the last audit of investments provided full assurance (the highest rating) in 2018/19, and the last audit of administration provided substantial assurance (the second highest rating), with only two minor recommendations made, this took place during 2017/18.

Membership

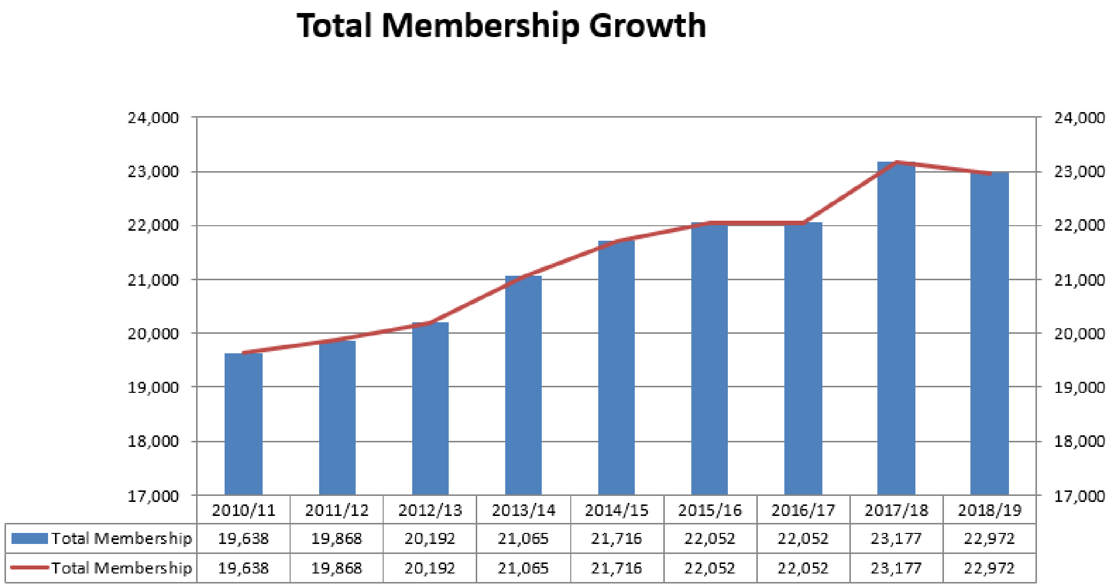
Haringey Council is the Administering Authority for the Haringey Pension Fund and eligible staff are members of the scheme. In addition the Pension Fund has a number of other organisations (scheduled and admission bodies) participating in the Fund.

A scheduled body is a public body which is required by law to participate in the LGPS. Each scheduled employer is listed in the LGPS regulations. The most common type of scheduled employers are academy schools.

There are two types of admitted bodies:

- A transferee admission body is an employer permitted to participate in the LGPS. This might be a non profit making body carrying out work that is similar in nature to a public service like local government, or it might be a private company to which a service or assets have been outsourced. The majority of the fund's admitted bodies fall into this category.
- A community admission body is an organisation providing a public service in the UK otherwise than for gain. The organisation is expected to have sufficient links with the Council such that it is regarded as having a community interest. The fund has only two employers who fall into this category.

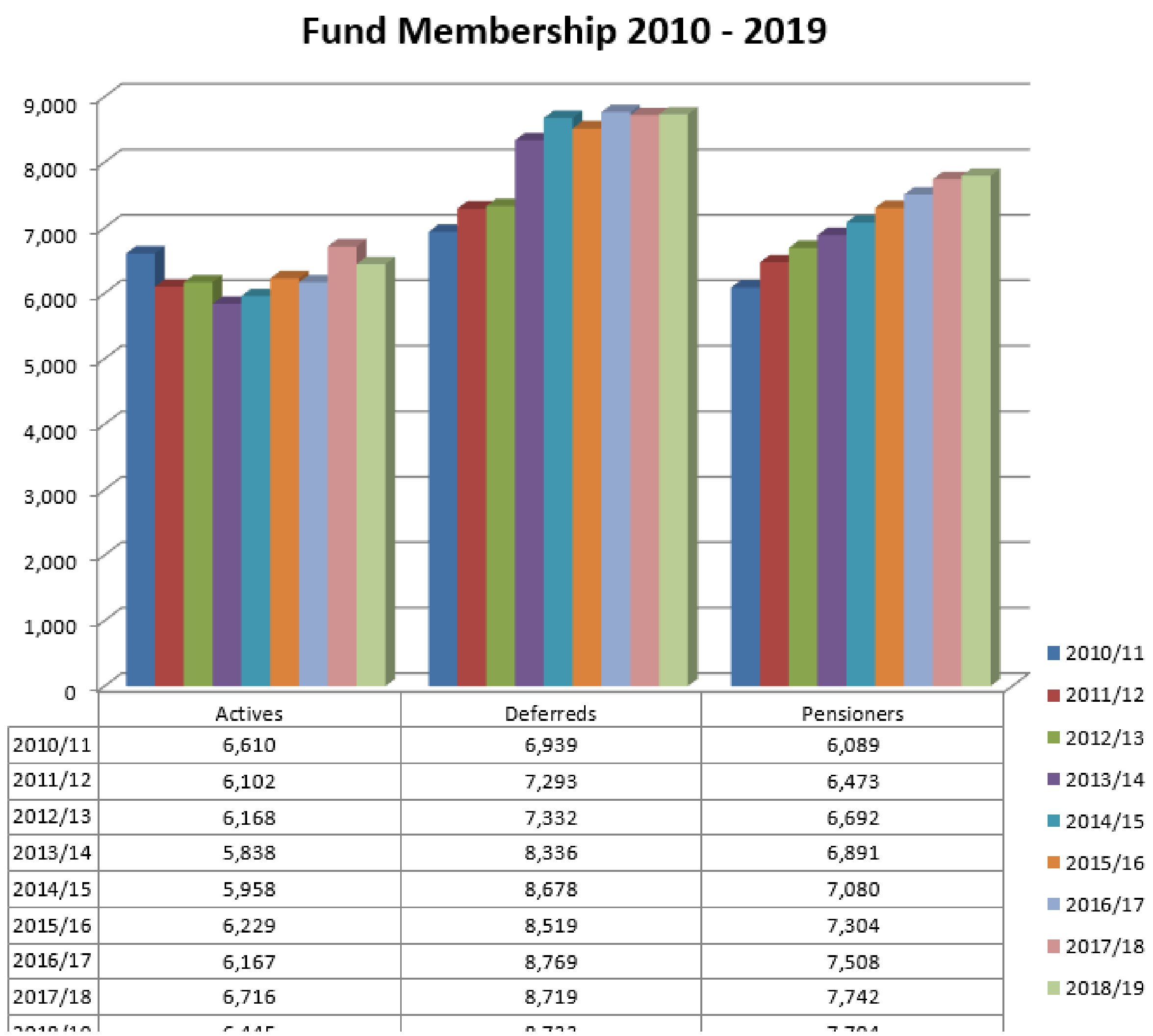
The membership of the Pension Fund at 31st March 2019 compared with the previous financial year is shown in the table below.



The table above shows an overall decrease in membership of 0.9% over the past year due to a bulk transfer of around 600 members of the fund when one employer transferred out of the fund. Aside from this, deferred and pensioner members are on an upward trend as expected.

Overall membership is anticipated to continue to rise as new employers are admitted into the Fund and as more staff move into the deferred and pensioner groups.

The table below shows the breakdown of membership between active members, deferred and pensions.



A schedule of the membership from each of the employers is shown below:

	Active Members	Deferred Beneficiaries	Pensioners and Dependants	Employee Contributions £	Employer Contributions £
Scheduled Bodies					
Haringey Council	4,684	7,872	7,141	6,971,527	26,793,477
Haringey Magistrates	-	18	16	-	-
College of Haringey, Enfield and North East London	-	-	-	-	-
Greig City Academy	50	48	6	68,165	182,328
Homes for Haringey	582	270	274	1,292,268	4,047,346
John Loughborough School	-	11	8	-	-
Fortismere School	48	35	16	82,794	226,038
Alexandra Park School	73	24	11	91,404	300,543
Woodside School	88	9	9	102,195	291,243

	Active Members	Deferred Beneficiaries	Pensioners and Dependants	Employee Contributions £	Employer Contributions £
Eden School	21	8	-	15,086	44,338
Harris Academy Coleraine	30	22	2	27,165	90,385
Harris Academy Philip Lane	28	23	4	21,293	70,466
AET Trinity Primary	29	12	4	26,596	99,712
AET Noel Park	51	17	2	41,779	137,281
Haringey 6th Form Centre	56	29	3	88,917	232,615
St Pauls & All Hallows Infants Academy	22	3	3	16,681	50,630
St Pauls & All Hallows Junior Academy	12	4	-	7,129	23,533
St Michaels N22 Academy	15	9	2	7,023	22,986
St Ann CE Academy	16	6	5	8,487	26,723
Holy Trinity CE Academy	22	8	1	20,415	66,323
Brook House Primary (formally Hartsbrook)	38	7	-	38,973	93,704
St Thomas More School	54	5	9	62,872	234,956
Heartlands High School	64	51	-	110,983	264,625
Milbrook Park Primary School	27	1	-	26,096	61,193
Harris Academy Tottenham	42	-	-	37,831	128,603
The Octagon	14	2	1	18,463	54,144
Dukes Aldridge Academy	92	2	-	119,270	427,596
The Grove School	9	2	-	10,601	29,597
Scheduled Bodies Total:	**6,167**	**8,498**	**7,517**	**9,314,013**	**34,000,386**
Admitted Bodies					
Haringey Age UK	-	2	17	-	1,100
CSS (Haringey) Ltd	-	22	55	-	-
Haringey Citizen Advice Bureau	3	-	9	6,591	86,463
Jarvis Workspace Ltd	-	19	25	-	-
Alexandra Palace Trading Co.	1	7	14	4,325	125,638
Urban Futures London Ltd	-	9	2	-	-
Enterprise (formerly Accord) Ltd	-	34	46	-	-
Capita Business Services	-	-	-	-	-
Mittie (formerly Trident) Securities Ltd	-	-	2	-	-
Initial Catering Ltd	-	1	1	-	-

	Active Members	Deferred Beneficiaries	Pensioners and Dependants	Employee Contributions £	Employer Contributions £
OCS Group Ltd	-	1	1	-	-
Harrisons Catering	-	1	2	-	-
R M Education PLC	-	3	-	-	-
TLC At Cooperscroft (formerly Rokeley Dene)	4	11	10	6,360	-
Ontime Parking Solution	-	2	2	-	-
Europa	-	-	1	-	-
Veolia	69	39	35	133,461	34,071
Churchills	-	1	3	-	-
Fusion Lifestyle	14	41	8	13,231	-
Cofely Workplace Limited(formally Balfour Beatty Workforce)	3	15	26	-	-
Lunchtime St Gildas School	2	-	-	1,510	3,764
Lunchtime St Francis De Sales School	4	1	-	2,856	4,262
Lunchtime St Marys School	3	1	1	3,134	2,730
Lunchtime St Pauls RC School	2	-	1	2,265	6,310
Lunchtime Ferry Lane School	-	3	-	438	1,254
Lunchtime Bounds Green School	4	-	-	2,961	7,790
ABM Weston Park School	1	-	1	116	11
ABM Muswell Hill	1	1	-	1,151	595
Caterlink Bruce Grove School	-	3	-	-	-
ISS Crowland School	1	-	-	-	-
Superclean Willow School	-	2	-	-	-
Absolutely Catering Rokesly School	3	-	-	1,250	2,852
Caterlink Holy Trinity School	1	-	1	1,156	2,313
Caterlink St Michaels School	2	1	-	1,255	5,136
Caterlink St Pauls and All Hallows School	5	-	-	3,190	7,998
London Academy of Excellence Tottenham	21	4	-	20,505	65,090
Lunchtime Seven Sisters	3	-	1	2,305	2,419
Lunchtime Welbourne	3	-	-	2,021	6,118
Lunchtime Earlsmead	2	1	-	1,691	1,458
Amey Community Ltd	66	6	5	57,291	14,844
K M Cleaning	2	1	2	-	-

	Active Members	Deferred Beneficiaries	Pensioners and Dependants	Employee Contributions £	Employer Contributions £
Pabulum Lea Valley Primary	3	-	-	2,313	10,383
Pabulum St John Vianney	2	1	-	1,104	4,996
Pabulum St Martin de Porres	2	-	-	1,715	8,338
Pabulum South Harringay	2	-	2	1,367	6,758
Pabulum Earlham School	2	-	2	591	3,758
Pabulum Belmont School	3	-	-	1,084	7,748
Pabulum Tetherdown	3	-	-	2,459	13,455
Pabulum Alexandra Primary	3	-	-	1,484	6,961
Pabulum St Peter in Chains	2	-	-	1,828	9,621
Hillcrest Cleaning Chestnuts	2	-	-	1,325	7,252
Lunchtime St Marys Priory School	2	1	2	1,613	12,245
Ategi Ltd	3	1	-	5,555	28,504
Hertfordshire Catering Ltd	6	-	-	5,460	30,800
Hillcrest Stroud Green	3	-	-	2,079	11,381
Haringey Education Partnership	20	-	-	4,126	18,681
Pabulum North Harringay	-	-	-	1,760	11,072
Admitted Bodies Total	**278**	**235**	**277**	**304,924**	**574,169**
Grand Total	**6,445**	**8,733**	**7,794**	**9,618,937**	**34,574,555**

Investment Policy and Performance Report

Investment Strategy

Responsible Investment

Fund Managers

Investment Performance

Investment Pooling

Market Developments 2018/19

Investment Strategy

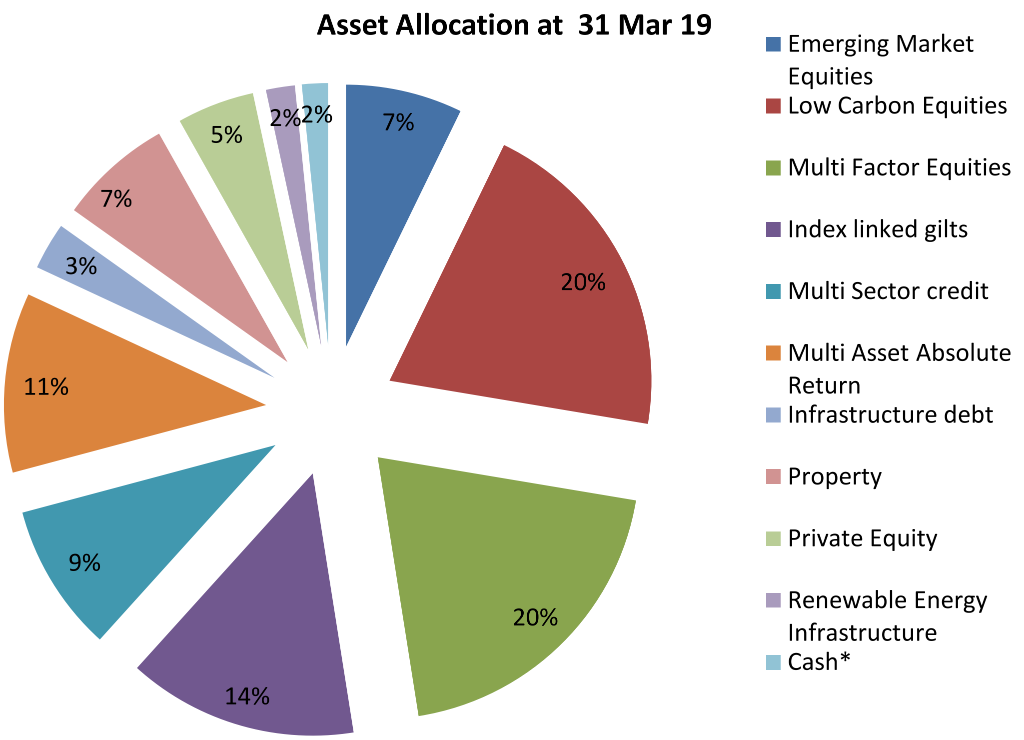
The Pension Fund's investment strategy is formulated within the parameters of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Pensions Committee and Board is responsible for setting the investment strategy with the aid of independent advice from the Pension Fund's advisers. Day to day investment decisions are delegated to fund managers.

The strategy is set out in detail in the Investment Strategy Statement, which is shown in Appendix 3 to this report. All investments were externally managed, with the exception of a small allocation of cash used to meet benefit payments, which was held in-house.

The current strategic asset allocation includes allocations to passively managed equity, index linked gilts, multi sector credit, private equity, infrastructure debt, renewable energy infrastructure, a multi asset absolute return fund, and UK property. A further allocations to UK long lease property was agreed in 2016, however this investment had not been funded as at 31st March 2019, and is expected to be funded in full during 2019/20. The renewable energy infrastructure mandate has begun to be funded in 2018/19, but will take some years before the committed funds are all fully invested.

The actual asset allocation as at 31st March 2019 is illustrated by the below chart.

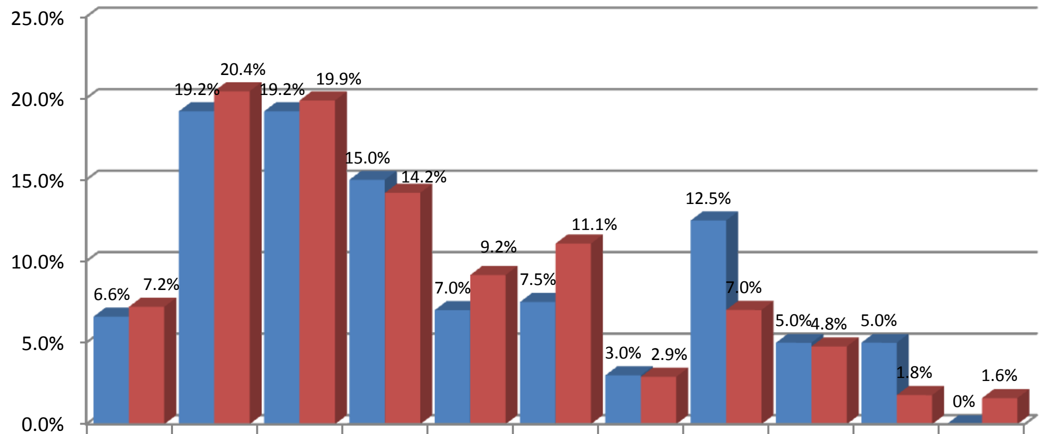


*includes current asset/liability balances

The Fund's benchmark showing target asset allocation during 2018/19 is shown below, alongside the actual allocation of the Fund's investments at 31st March 2019.

The financial statements show that the Fund is invested in pooled funds and the breakdown in the table below shows the allocation of the underlying holdings.

Asset Class - Benchmark vs Actual 31/3/19



	Emerging Market Equities	Low Carbon Equities	Multi Factor Equities	UK Index linked gilts	Multi Sector credit	Multi Asset Absolute Return	Infrastructure debt	Property	Private Equity	Renewable Energy Infrastructure	Cash*
Benchmark % at 31 Mar 19	6.6%	19.2%	19.2%	15.0%	7.0%	7.5%	3.0%	12.5%	5.0%	5.0%	0%
Actual % at	7.2%	20.4%	19.9%	14.2%	9.2%	11.1%	2.9%	7.0%	4.8%	1.8%	1.6%

* includes current asset/liability balances

Custodial Arrangements

The Council employs Northern Trust to act as independent custodian of the Pension Fund's investments. As professional custodians, they employ a rigorous system of controls to ensure the safekeeping of assets entrusted to them. The custodian is responsible for the settlement of all day-to-day investment transactions, collection of investment income and the safe custody of the Pension Fund's investments.

Responsible Investment

The Pension Fund believes that the adoption by companies of positive Environmental, Social and Governance (ESG) principles can enhance their long term performance, sustainability and increase their financial returns. These issues are of concern to the Fund because it is considered that companies who do not have regard for the social and environmental impact of their business, or who conduct their business in a way which is not sustainable over the longer term are in danger of adversely affecting the future prospects of the company, and potentially the company's long term valuation.

Due to the need to prioritise the fiduciary duty, the Fund does not participate in stock screening or exclusionary approaches. Instead the Fund seeks to influence the behaviour of companies through engagement. This engagement is undertaken through the following parties:

- The Fund's investment managers
- Local Authority Pension Fund Forum (LAPFF)
- Maintaining Tier 1 Signatory status to the UK Stewardship code

The Fund maintains membership of the LAPFF in order that engagement can be undertaken on its behalf.

In addition to this, all but one of the Fund's managers are signatories to the 'United Nations Principles for Responsible Investment' initiative.

At each committee meeting the Pensions Committee and Board receive reports on the engagement activity undertaken on behalf of the Fund, by the fund managers in relation to voting alerts from LAPFF, covering environmental issues, governance and remuneration and all other responsible investment issues.

The Fund incorporates ESG considerations into all decision making when making alterations to the investment strategy, but the fund is mindful of the fact that the fiduciary duty must take precedence over any other considerations when investing the fund. The fund has made a number of investments in recent years which have a clear ESG benefit. The fund has committed circa £70m to be invested in renewable energy infrastructure funds, and 50% of the fund's developed market equity investments are held within a low carbon fund, which reduces the carbon emissions associated with these investments by approximately 70%. All investments must be judged solely on their own merit, and while some investments may have a clearly identifiable ESG aspect, ESG is considered for all investments that the Fund makes: for example by ensuring that equity managers vote in line with LAPFF recommendations.

For further information regarding the Fund's approach to investing responsibly, please see the Investment Strategy Statement at Appendix 3.

Fund Managers

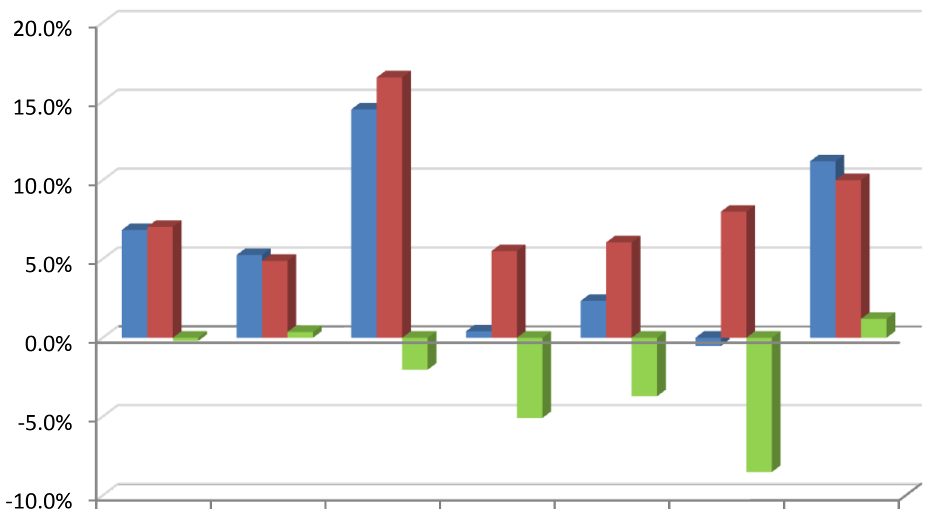
The Pension Fund has appointed external fund managers to undertake day to day management of the Fund's investments. Each fund manager is appointed with a mandate covering a defined asset class or classes with a target set that relates to a benchmark covering the asset class or classes they are managing. The fund managers in place during the 2018/19, the asset classes they cover, their percentage of the Fund's investments at 31st March 2019 and targets are shown in the table below (the remaining 2% was invested cash):

Investment Manager	Mandate	Asset Class	Passive /Active	Benchmark	Target (3 Yr Rolling Period)	Strategic Allocation	Allocation at 31 Mar 2019
LGIM	Passive Global Equities & Bonds	Global Multi Factor Equities	Passive	RAFI Multi Factor Global Unhedged	Benchmark	9.60%	9.93%
LGIM	Passive Global Equities & Bonds	Global Multi Factor Equities	Passive	RAFI Multi Factor Global Hedged	Benchmark	9.60%	9.93%
LGIM	Passive Global Equities & Bonds	Emerging Markets Equities	Passive	FT World Global Emerging Markets GBP Unhedged	Benchmark	6.60%	7.20%
LGIM	Passive Global Equities & Bonds	Global Low Carbon Equities	Passive	MSCI World Low Carbon Target Index Unhedged	Benchmark	9.60%	9.93%
LGIM	Passive Global Equities & Bonds	Global Low Carbon Equities	Passive	MSCI World Low Carbon Target Index Hedged	Benchmark	9.60%	9.93%
LGIM	Passive Global Equities & Bonds	Index Linked Gilts	Passive	FTA Index Linked Over 5 Years Index	Benchmark	15.00%	14.20%
CBRE	Property	Property	Active	HSBC/APUT Balance Funds Index	+1% (Gross) of Fees p.a	7.50%	7.01%
Pantheon	Private Equity	Private Equity	Active	MSCI World Index plus 3.5%	Benchmark	5.00%	4.77%
London CIV - CQS subfund	Multi Sector Credit	Multi Sector Credit	Active	LIBOR plus 5%	Benchmark	7.00%	9.15%
London CIV - Ruffer subfund	Multi Asset Absolute Return	Multi Asset	Active	8.00%	Benchmark	7.50%	11.08%
Allianz	Infrastructure Debt	Infrastructure Debt	Active	5.50%	Benchmark	3.00%	2.91%
Aviva*	Long lease UK Property	Long lease UK Property	Active	50% FTSE Actuaries 5-15 Year Gilt Index, 50% FTSE 15 year + Gilt Index plus 1.5%	Benchmark	5.00%	0.00%
Copenhagen Infrastructure Partners**	Renewable Energy	Renewable Energy	Active	10.00%	Benchmark	2.50%	0.26%
Blackrock	Renewable Energy	Renewable Energy	Active	10.00%	Benchmark	2.50%	1.78%
					Total	**100%**	**98%*** **

*Investment had not yet begun with these fund managers as at 31 March 2019
**Investment with these fund managers began in 2018/19
***Remaining 2% held in cash as at 31/3/19

The fund had invested funds with seven managers for the whole of 2018/19, and made new investments with one new fund manager during the year (CIP). Of the seven who were invested with for the whole year, six achieved positive returns. The fund's private equity and renewable energy infrastructure investments performed best in 2018/19.

Fund Manager Performance Against Benchmark



	LGIM	CBRE	Pantheon	Allianz	London CIV - CQS	London CIV - Ruffer	Blackrock
Actual (2018/19)	6.8%	5.3%	14.5%	0.4%	2.3%	-0.5%	11.2%
Benchmark (2018/19)	7.0%	4.9%	16.5%	5.5%	6.1%	8.0%	10.0%
(Under)/ Over Performance	-0.2%	0.4%	-2.0%	-5.1%	-3.7%	-8.5%	1.2%

LGIM (Passive equity (including low carbon), and index linked gilts) – The manager performed broadly in line with target as expected as the portfolio is invested passively. Equity markets delivered variable returns throughout the year with a correction in the final quarter of 2018, however overall performance was positive.

CBRE (Property)– The manager achieved positive returns of 5.3% in excess of the benchmark by 0.4%.

PANTHEON (Private Equity) – the private equity manager delivered a positive return of 14.5% in the year, the highest of all managers, although below their target of 16.5%.

ALLIANZ (Infrastructure Debt) – The manager underperformed benchmark in the year by 5.1%, however the most recent valuation at 31/3/19 is not included within this figure due to delays in valuations being made available, and this is likely to increase performance which will be reflected in future reporting. All funds have now been drawn for this investments which are invested via a limited partnership structure in a total of five assets, which include two roads, a port and two university halls of residence. The investment will now continue to yield income to the fund for the remainder of the life of the investment which is anticipated to be in the region of 25 years.

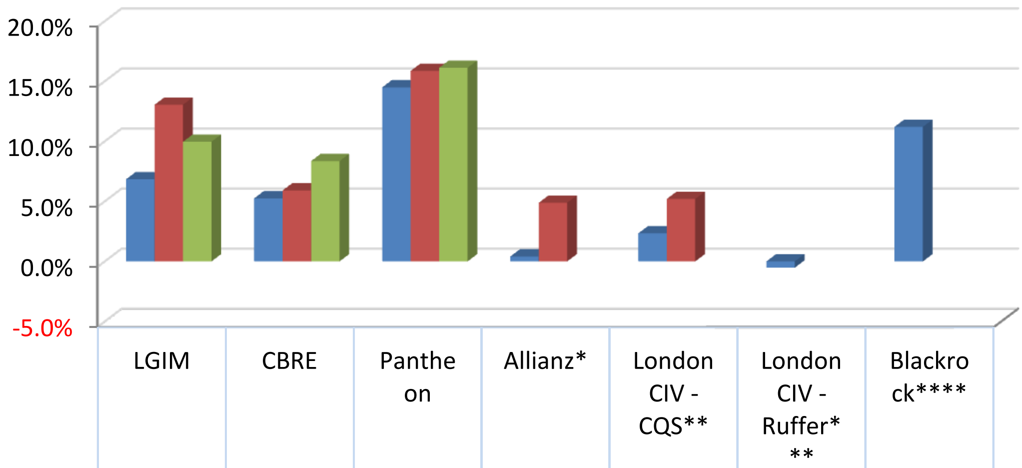
London CIV - CQS (Multi Sector Credit) – The multi sector credit portfolio lagged behind benchmark in 2018/19, by 3.7%. The asset class has faced challenging conditions within 2018/19, however it is understood that CQS's performance benchmarks well compared to their peers investing in similar strategies.

London CIV – Ruffer (Multi Asset Absolute Return) – Returns were disappointing at -0.5% compared to a target of 8.0%. The investment was made to increase downside protection for the fund and to diversify from listed equities, and indeed, in the period of market correction in the final quarter of 2018, this fund did perform better than the fund's listed equity investment. Overall however, performance across the year lagged against target significantly. This was the first full year that the fund had been invested in this London CIV subfund as the investment was made in December 2017. It is therefore too early to draw a meaningful conclusion from the investment performance.

Blackrock (Renewable Energy Infrastructure) – This investment is via a closed ended limited partnership structure, similar to private equity. The investment began in May 2017, and will take a few years to full invest all committed funds. It is too early in the life of the investment to draw a meaningful conclusion from the investment performance, however, the initial returns are positive as they already exceed the 10% per annum target.

Fund managers' performance over the past three and five years is illustrated by the below chart.

One/Three/Five Year Performance by Fund Manager



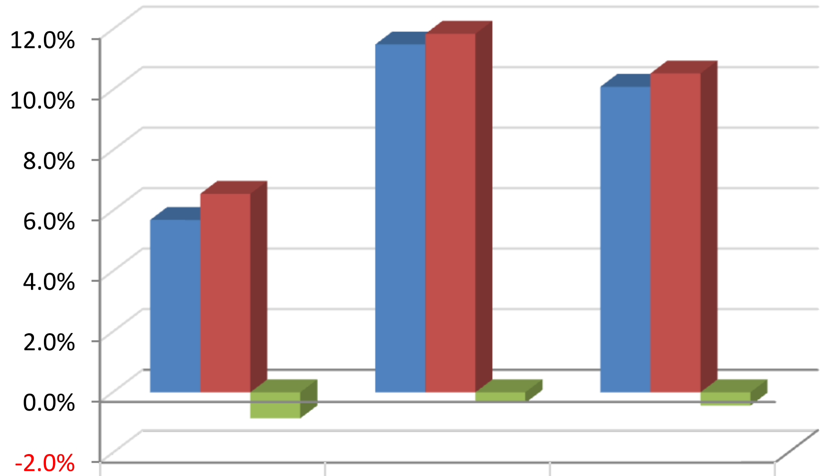
	LGIM	CBRE	Pantheon	Allianz*	London CIV - CQS**	London CIV - Ruffer***	Blackrock****
One Year	6.8%	5.3%	14.5%	0.4%	2.3%	-0.5%	11.2%
Three Years	13.0%	5.9%	15.9%	4.9%	5.2%		
Five Years	10.0%	8.4%	16.1%				

* Commenced Dec 2014; ** Commenced Aug 2014 *** Commenced Dec 2017 **** Commenced May 2017

Investment Performance

The investment performance of the Pension Fund and the fund managers is regularly reviewed by Committee members. Performance reports to compare actual performance against the targets set for the fund managers are provided to and discussed by the Committee quarterly. The overall Pension Fund performance is summarised in the table below. All figures shown are annualised performance figures over the various periods to 31st March 2019.

Overall Fund Performance against Target



	One Year	Three Years	Five Years
Overall Fund Performance	5.7%	11.5%	10.1%
Target	6.6%	11.9%	10.5%
Under/Over Performance	-0.9%	-0.3%	-0.4%

Investment Pooling

The fund has two investments made directly through the London CIV, the investment pool for London Boroughs. These are the CQS (Multi Sector Credit), and Ruffer (Multi Asset Absolute Return) investments. Besides this, the fund's passive equity and index linked gilts mandates with Legal and General fall under the CIV's oversight, and the fund benefits from lower fees negotiated on behalf of all funds. The fund therefore has around 81% of all assets held within the pool or under the pool's oversight as at 31/3/19. Investment management fees for these investments account for approximately 36% of all investment management costs. Those investments outside the pool are generally alternative investments which have proportionally higher fees associated with them.

The remaining investments held outside the pool represent alternative or illiquid investments, and which will remain under regular review to see if it is possible to transition them into the London CIV, or whether it would be in the fund's interests to sell the investments and instead invest via a London CIV strategy.

The fund is a shareholder in the CIV, all London Funds contributed £150k of shareholder capital, which is presented on the fund's balance sheet in Appendix 1 to these accounts. In addition to this, all shareholders in the CIV contribute an annual service charge of £25k and a development funding charge of £65k (for 2018/19). The fund estimates that the fund has generated a net saving via its participation in the CIV in 2018/19, as these costs are offset by ongoing reduced investment management fees for the funds under the CIV's oversight.

Market Developments 2018/19

Market Background

JOHN RAISIN FINANCIAL SERVICES LIMITED

Independent Advisors Report

Market Background 2018-19

During the year 1 April 2018 to 31 March 2019 the world economy remained broadly positive although as the year progressed signs of an economic slowdown increased. United States – China trade tensions weighed against economic and financial markets. Equity markets, however, experienced a moderately positive year with the MSCI AC World index advancing by 3% although there were significant regional variances. April to September 2018 saw yet further advances in world equity markets. The Quarter October to December 2018 saw sharp declines with the MSCI AC World Index losing around 13% although most of the losses were regained in the period January to March 2019. Declining economic and financial market considerations led the US Federal Reserve, in particular and also the European Central Bank to move, in early 2019, back towards "looser" monetary policy in order to seek to support economic and financial markets.

The S&P 500 index rose by 7% over the period April 2018 to March 2019 to close at 2,834 continuing its long upward trend from the low of 666 of March 2009. On 20 September the S&P 500 recorded an all time closing high of 2,931 while on 22 August US stocks set a new record for the longest bull run – a period without a 20% fall – when it reached 3,453 days exceeding the 1990-2000 bull market. The increase in the S&P 500 over the financial year 2018-19 at 7% represented, however, a slowdown in equity price rises – in 2017-18 the S&P had advanced by 12% and in 2016-17 by 15%.

The US experienced another year of generally positive economic activity including good corporate results/earnings although the first half year results of 2018-19 were more positive than the second half. Unemployment fell from 4.1% in March 2018 to 3.8% by March 2019. Not since 1969 has the US seen a lower unemployment rate. Consumer sentiment (as measured by the University of Michigan) declined slightly over the year but remained at very favourable levels.

The United States Federal Reserve, the world's most important Central Bank, continued, from April to December 2018 its policy of "tightening" monetary policy by raising interest rates (the target range for the federal funds rate) by 0.25% on three separate occasions (June, September and December). As late as its December 2018 meeting it was signalling two further likely rate increases in 2019 before making a significant policy shift in early 2019. The Press Release following the January 2019 meeting of the US Federal Reserve's Federal

Open Market Committee (FOMC) excluded the reference to *"some further gradual increases"* in interest rates which appeared in the December 2018 Press Release as the FOMC put further rate rises on hold.

At a press conference following the January 2019 meeting the Federal Reserve Chairman Jay Powell while referring to the outlook for the US economy as *"solid"* also referred to *"crosscurrents and conflicting signals about the outlook. Growth has slowed in some major foreign economies, particularly in China and Europe……Financial conditions tightened considerably late in 2018 and remain less supportive of growth than they were earlier in 2018…"* Consequently, the FOMC determined that the cumulative effects of developments *"warrant a patient, wait-and-see approach regarding future policy changes."* That the Federal Reserve had significantly changed its future monetary policy approach and clearly moved away from further "tightening" was confirmed by the decisions of the March 2019 meeting of the FOMC. Firstly, the projections issued after this meeting indicated that there would likely be no increases in interest rates in 2019. Secondly a statement on "Balance Sheet Normalization Principles and Plans" stated that the policy of Balance Sheet reduction (introduced in 2017 as a fundamental policy shift towards monetary "tightening") will be slowed from May 2019 and then halted at the end of September 2019.

The MSCI EMU Index (which tracks the largest companies in the Eurozone) advanced by only 1% in 2018-19 which was a year of economic slowdown in the Eurozone. While the Eurozone seasonally adjusted unemployment rate fell from 8.5% in March 2018 to 7.7% in March 2019 (its lowest level since September 2008) other important indicators were concerning. Inflation figures indicated continuing failure to achieve the European Central Bank's (ECB) inflation target of below but close to 2% over the medium term. Although inflation as measured by the Harmonised Indices of Consumer Prices (HICP) which had been 1.3% in March 2018 was in the range 1.9% to 2.3% from May to November 2018 it was no higher than 1.5% from December 2018 and was 1.4% by March 2019. The IHS Markit Purchasing Managers Index for the Eurozone which was above 56 in April 2018 fell progressively, over the 2018-19 financial year, to 47.5 in March 2019 and well below 50 which indicates the boundary between expected contraction and expansion.

The Organisation for Economic Co-operation and Development (OECD) in their "Interim Economic Outlook" of March 2019 reported that *"GDP growth in the euro area slowed sharply through 2018 and is projected to remain soft at 1% in 2019."* There were clear concerns regarding weakness in German industrial activity which is noteworthy as the heavily manufacturing reliant German economy accounts for about a third of Eurozone output.

The ECB initially clearly "tightened" its Monetary policy stance by ending its net asset purchase programme in December 2018, following an announcement in June. However, in March 2019, in response to weaker economic data and indicators, the ECB took a step back towards "loosening" monetary policy by announcing that the key ECB (and presently very low) interest rates were now expected *"to remain at their present levels at least through the end of 2019"* rather than *"at least through the summer of 2019."*

During 2018-19 the FTSE 100 index of the largest UK listed companies (but which collectively earn over 70% of their revenues from overseas) increased by 3%. In contrast the more domestically focussed FTSE 250 index fell by 2%. Throughout 2018-19 there was ongoing uncertainty regarding the nature and timing of the UK's departure from the EU. Notwithstanding UK unemployment of 3.8% at March 2019 its lowest level since 1974 levels of business investment have reduced since the 2016 EU Referendum. During 2018-19 the BoE raised interest rates once - from 0.5% to 0.75% on 1 August 2018.

The Nikkei 225 Index declined by 1% over the 2018-19 financial year compared with a 13% gain in 2017-18 and 15% gain in 2016-17. Japan's export driven economy is particularly vulnerable to economic slowdown and trade disputes both of which were features of 2018-19. Throughout 2018-19 the Bank of Japan continued an ultra "loose" approach to monetary policy incorporating a policy of keeping 10-year bond yields at around zero percent and a continuation of its major asset purchase programme which began in 2013. Japanese Consumer Price Inflation and Core inflation were both below 1% at March 2019 compared with the Bank of Japan's inflation target of 2%.

Asian equities and Emerging Market equities generally had negative year with the MSCI AC Asia ex Japan index down (in $ terms) by over 5% and the MSCI Emerging Markets Index down by in excess of 7%. Global trade tensions centred on President Trump's approach to trade, US interest rates and the strength of the US dollar all weighted against these markets. Chinese growth of around 6.5% for the year 2018-19 was clearly lower than that achieved in the first five years after the 2009 crisis. Chinese stocks, however, received both a short term and likely long-term boost with the announcement, in February 2019, by the major index provider MSCI that it would more than quadruple the weighting of China listed shares in its "flagship" MSCI Emerging Markets Index from 0.7% to 3.3% by November 2019.

The 10-year Benchmark Government Bonds of the US, UK and Germany all finished the financial year with lower yields (and therefore higher prices) than at the beginning. The move away from monetary tightening by the ECB and particularly the US Federal Reserve, in early 2019, together with softening economic data were supportive of the major Government Bonds.

John Raisin Financial Services Limited

Independent Advisor

15 May 2019

John Raisin Financial Services Limited

Company Number 7049666 registered in England and Wales.

Registered Office 130 Goldington Road, Bedford, MK40 3EA

VAT Registration Number 990 8211 06

Scheme Administration Report

- Local Government Pension Scheme
- Administration Service Delivery
- Administration KPIs and statistics
- Communications Policy
- Pensions Administration Strategy

Local Government Pension Scheme

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS), which is a statutory scheme which provides defined pension benefits based on membership and pay levels. The benefits are set out in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2013 and Local Government Pension Scheme (Transitional, Provision Savings and Amendment) Regulations 2014. Haringey Pension Fund cannot make changes to the scheme, and may only exercise such discretions as are prescribed by the LGPS regulations.

Membership is open to the non-teaching employees of the Administering Authority, all scheduled bodies and certain employees of admitted bodies until the day before age 75. From April 2014, the benefit structure changed from a final salary scheme to career average revalued earnings based scheme, with changes to the accrual rate and to align the normal retirement date with the age at which the state pension commences.

Administration Service Delivery

The Pension Administration service calculates and pays pension benefits, maintains a database of members and is responsible for the interpretation and implementation of the Local Government Pension Scheme regulations and related legislation for the administration of the scheme.

The service operates in accordance with their professional standards and within the regulations laid down by the Local Government Pension Scheme.

Internal Dispute Resolution Procedure

Members of pension schemes have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved.

To facilitate this process, an Internal Disputes Resolution Procedure has been established. In the first instance, members are expected to take up matters with the Pensions Manager, Janet Richards at the following address:

Level 9 Alexandra House
10 Station Road
Wood Green
London
N22 7LR

Alternatively email janet.richards@haringey.gov.uk. If the matter remains unresolved, a stage 1 appeal may be made to the Head of Human Resources and thereafter, if necessary a further appeal may be made to Bernie Ryan, Assistant Director, Corporate Governance at

Level 5 River Park House
225 High Road
Wood Green

London
N22 8HQ

If the problem remains unresolved, members then have the facility to refer the matter to The Pensions Ombudsman, who can be contacted at:

11 Belgrave Road
London
SW1V 1RB

The statutory body responsible for the regulation of pension schemes in the United Kingdom is The Pensions Regulator and can be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

A central tracing agency exists to help individuals keep track of deferred pension entitlements from previous employers' pension schemes. An application for a search can be submitted to:

Pension Tracing Service
The Pension Service
Whitley Road
Newcastle upon Tyne
NE98 1BA

The Haringey Pension Fund's details are registered with the tracing agency.

Further information

For information about the Scheme generally, further information about resolving disputes, or an individual's entitlement to benefit, please refer to the Employee's guide, which can be found on the council's website (details below) or contact the Pensions Team, at

Level 9 Alexandra House
10 Station Road
Wood Green
London
N22 7LR

telephone 020 8489 5916 or refer to the Council's website:
www.haringey.gov.uk/pensionfund

Administration KPIs and Statistics

The Fund believes it provides value for money for its members and employers. The fund has previously completed benchmarking against its peers to compare staffing numbers and costs, and found it compared favourably to other similar funds.

Administration statistics are presented below. Those which demonstrate the the cost of the administration service are based on the pensions administration IT system and the recharge from Haringey Council (including staff, premises, support services etc), these differ from ‘administrative costs’ displayed in the fund’s accounts, which include items such as tax charges, legal fees, and ill health liability insurance.

	2017/18	2018/19
Administration Cost per fund member	£33.92	£35.45
Administration FTEs	7.6	7.6
FTEs per 1000 fund members	0.33	0.33

Process	**Cases Outstanding 1/4/18**	**Cases commenced**	**Cases completed**	**Cases outstanding 31/3/19**	**% Completed in 2018/19**
Deaths notifying amount of dependents benefits	145	231	182	49	79%
Retirements (estimates)					
- active	40	698	612	70	88%
- deferred	2	18	15	1	83%
Total Retirements (estimates)	**42**	**716**	**627**	**71**	**88%**
Retirements (letter actual)					
- active	40	394	320	74	81%
- deferred	5	24	20	4	83%
Retirement (process)					
- active	40	394	320	74	81%
- deferred	5	24	20	4	83%
Deferment					
Calc and notify benefits	49	951	473	478	50%
Transfers in					
Letter (quote)	74	127	31	96	24%
Letter	74	127	31	96	24%
Letter tv out quote	1	94	83	11	88%
Transfer out letter	15	126	89	37	70%
Refund	27	459	92	357	20%
Divorce quote	1	8	8	0	100%
Divorce settlement	2	4	4	0	100%
Joiners	70	1037	930	107	90%
Aggregation	2	75	54	21	72%

Communications Policy

Effective communication between the Administering Authority, the scheme members, and the employers within the Fund is essential to the proper management of the Local Government Pension Scheme on a transparent and accountable basis.

The current policy, which has been prepared in accordance with the LGPS regulatory requirement is attached in Appendix 4, and sets out the policy framework within which the Pension Fund communicates with:

- Members of the scheme;
- Representatives of scheme members;
- Scheme employers; and,
- Prospective scheme members.

It identifies the format, frequency and method of distributing information and publicity. It also outlines the processes for promoting the scheme to prospective members and scheme employers.

The Communications Policy includes the provision of a pension's page on the Haringey website www.haringeypensionfund.co.uk. This facility enables staff to access information about the Local Government Pension Scheme in their own home with families and partners who may also have an interest in the benefits of the scheme.

Pensions Administration Strategy

The Fund implemented a Pensions Administration Strategy Statement on 1st April 2011, following consultation with the employers participating in the Fund and approval by Committee, this is regularly reviewed and updated.

This statement sets out the performance standards expected of the Council in its role of Administering Authority for the Fund and those expected of employers participating in the scheme. It seeks to promote good working relationships, improve efficiency and ensure quality of service and data. It sets out details of how performance will be monitored and what action might be taken in the event of persistent failure.

During the financial year 2018/19 no formal action has been taken against any employers. The only breaches of the performance standards have been minor and have been dealt with informally.

The Pensions Administration Strategy Statement can be found on the Haringey Pension Fund website www.haringeypensionfund.co.uk

Actuarial Funding Report

- Funding Position
- Funding Strategy Statement
- Statement of the Fund Actuary

Funding Position

The Pension Fund is independently valued every three years by a firm of actuaries to assess the adequacy of the Fund's assets to meet its long term obligations.

The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2016 in a report dated 29 March 2017.

The 2016 valuation was carried out in accordance with the Fund's Funding Strategy Statement and Guidelines GN9: Funding Defined Benefits – Presentation of Actuarial Advice published by the Board for Actuarial Standards. The resulting contribution rates reflected the cost of providing year by year accrual of benefits for the active members and the level of funding for each employer's past service liabilities.

The market value of the Fund at the time of the last triennial valuation as at 31 March 2016 was £1,046m. Against this sum liabilities were identified of £1,323m equivalent to a funding deficit of £277m. The movement in the actuarial deficit between 2013 and the last valuation in 2016 is analysed below:

Reason for change	£m
Interest on deficit	(53)
Contributions greater than cost of accrual	13
Investment returns higher than expected	67
Change in demographic assumptions	6
Change in base mortality assumptions	17
Actual membership higher than expected	57
Experience items	1
Change in financial assumptions	(17)
Total	**91**

The level of funding on an ongoing funding basis increased to 79% from 70% between the triennial actuarial valuations as at 31st March 2013 and as at 31st March 2016. The main reason for the improved position was improved investment returns and membership experiences that were better than projected.

The funding objective of the Fund is to be fully funded. As this objective had not been achieved at the last valuation date it was agreed with the actuary that the past service deficit would be recovered over a period not exceeding 20 years. Further information about the principles for achieving full funding is set out in the Funding Strategy Statement in Appendix 5.

The main assumptions used in the 2016 valuation were:

Investments	**Annual nominal rate of return %**
Discount rate	4.0
	Annual change %
Pay increases	2.8
Price Increases (pension increases)	2.1

Funding Strategy Statement

The Local Government Pension Scheme Regulations require Local Government Pension Funds to prepare, publish and maintain a Funding Strategy Statement in accordance with guidance issued by CIPFA.

The purposes of a Funding Strategy Statement are:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and,
- to take a prudent longer-term view of funding those liabilities.

The Funding Strategy Statement is reviewed in detail every three years alongside the triennial valuation. It is reviewed in collaboration with the Pension Fund's actuary, and after consultation with the Pension Fund's employers and investment advisers. The current statement was reviewed and agreed in March 2017, and then updated in November 2018.

The objectives of the Funding policy set out in the Statement are:

- to ensure the long-term solvency of the Fund (and of the share of the Fund notionally allocated to individual employers);
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

The policy is shown in full in Appendix 5.

Statement of Fund Actuary

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2018/19 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Haringey Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2019	31 March 2018
Active members (£m)	869	736
Deferred members (£m)	568	523
Pensioners (£m)	643	647
Total (£m)	**2,080**	**1,906**

The promised retirement benefits at 31 March 2019 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2019 and 31 March 2018. I estimate that the impact of the change in financial assumptions to 31 March 2019 is to increase the actuarial present value by £115m. There is no impact from any change in the demographic and longevity assumptions because they are identical to the previous period.

Financial assumptions

Year ended (% p.a.)	31 March 2019	31 March 2018
Pension Increase Rate	2.5%	2.4%
Salary Increase Rate	3.1%	3.0%
Discount Rate	2.4%	2.6%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.8 years	24.1 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	23.8 years	26.0 years

Please note that the longevity assumptions have not changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2019	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	8%	173
0.5% p.a. increase in the Salary Increase Rate	1%	24
0.5% p.a. decrease in the Real Discount Rate	10%	208

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2019 for accounting purposes'. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Douglas Green FFA

7 May 2019

For and on behalf of Hymans Robertson LLP

Financial Report

- Director of Finance's Responsibilities
- Appendix 1 Pension Fund Accounts and Auditor's Report

Director of Finance's Responsibilities

The financial statements are the responsibility of the Director of Finance (S151 Officer). Pension scheme regulations require that audited financial statements for each Scheme year are made available to Scheme members, beneficiaries and certain other parties, which:

"show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom".

The Director of Finance has supervised the preparation of the financial statements and has, agreed suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis.

The Director of Finance is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Director of Finance is responsible for ensuring that records are kept in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Administering Authority and other participating scheme employers by the due dates.

The Director of Finance is responsible for the maintenance and integrity of the financial information of the Scheme included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Director of Finance also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Statement of the Director of Finance

I certify that the financial statements set out in Appendix 1 have been prepared in accordance with the accounting policies set out below and give a true and fair view of the financial position of the Pension Fund at the reporting date and of its expenditure and income for the year ended 31st March 2019.

Jon Warlow, CPFA
Director of Finance (S151 Officer)
11 July 2019

Appendices

Current approved versions of key policy statements

1. Pension Fund Accounts 2018/19 and Auditors Report
2. Governance Compliance Statement
3. Investment Strategy Statement
4. Communications Policy
5. Funding Strategy Statement