



Haringey Pension Fund DRAFT Annual Report

For the year ended 31 March 2023

Haringey
LONDON

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Introduction and overview

About the Local Government Pension Scheme (LGPS)

Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS).

The LGPS is a defined benefit pension scheme for employees of local government and related organisations within the United Kingdom. During their employment, scheme members can build up their pension benefits based on a fixed formula as set out in the LGPS Regulations.

The LGPS is a national scheme, administered locally by councils nominated as "administering authorities". Haringey Council is the administering authority for Haringey Pension Fund. It is responsible for running the pension scheme to provide pension benefits to current and former employees of Haringey Council and other employers participating in the pension scheme.

More information about the LGPS works can be found at www.lgpsmember.org.

This annual report includes information on the following sections:

- **Management and Financial Performance** which explains the governance and management arrangements for the pension fund, as well a summary of the overall financial position and Fund's approach to risk management.
- **Investment Policy and Performance** which details the Fund's investment strategy, arrangements, and performance.
- **Scheme administration** which sets out how the scheme is administered including a summary of some key administration statistics.
- **Actuary's report** which provides an update on the Fund's Funding Position including a statement from the Fund Actuary.
- **The Pension Fund's Annual Statement of Accounts** for the year ended 31 March 2022 which have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

Governance Arrangements

Pensions Committee and Board

Haringey Council, in its role as the Administering Authority, has delegated responsibility for administering the Haringey Local Government Pension Scheme (LGPS) to the Pensions Committee and Board. The terms of reference for Pensions Committee and Board are set out in the Council's constitution.

The Committee and Board is responsible for setting the investment strategy, appointing investment managers and monitoring the ongoing performance of investments. In doing so, the Committee and Board considers advice from officers and the Fund's appointed advisors.

The Committee and Board has dual responsibility over the decision-making functions and oversight of the administration of the Fund. This arrangement fulfils the duties required by LGPS 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 an annual meeting of the full Council. They are not appointed for a fixed term, but their membership is regularly reviewed by their respective political groups. The other representatives are appointed through a separate selection process for a fixed term.

Details of the individuals who served on the Committee and Board during 2022/23 are shown below.

Member	Member Representation	Meeting Attendance
Cllr Yvonne Say (Chair)	Elected member	4/4
Cllr John Bevan (Vice Chair)	Elected member	4/4
Cllr Tammy Hymas	Elected member	3/4
Cllr Thayahlan Iyngkaran	Elected member	4/4
Cllr Matt White	Elected member	4/4
Cllr Nick da Costa	Elected member	3/4
Keith Brown	Employer representative	4/4
Craig Pattinson	Employer representative	3/4
Ishmael Owarish	Employee representative	3/4
Randy Plowright	Employee representative	2/4

Members of the Committee and Board can be contacted at 7th Floor, Alexandra House, London, N22 7TR.

Governance Compliance Statement

The LGPS Regulations 2013 require Pension Funds to prepare, publish and maintain a governance compliance statement, and to assess the governance arrangements in place against a set of best practice principles.

The most recent version of the Fund's Governance Compliance Statement is available on the Pension Fund's website.

Service Delivery

Haringey Pension Fund is administered by officers working within Haringey Council's finance department. These officers provide the pensions service on behalf of the Council.

The service is responsible for accounting, investment management, and pensions administration activities for the Fund. In addition to this, the pension service is supported by other departments within the Council including legal, human resources, procurement, and democratic services.

The key responsibilities for the Investments and Accounting team include:

- Supporting the Pensions Committee and Board in setting the investment strategy, as well as monitoring investment performance on an ongoing basis
- Producing the Pension Fund's Annual Report and Accounts
- Managing contractual relationships with the Fund's appointed advisors
- Maintaining the key governance statements the Fund is required to publish

The key responsibilities for the Pensions Administration service are included in the Scheme Administration section of this report.

The table below lists the key officers supporting the Fund.

Role	Officer
Director of Finance (\$151 Officer)	Jon Warlow
Assistant Director of Finance	Josephine Lyseight
Head of Legal & Governance	Fiona Alderman
Head of Pensions & Treasury	Tim Mpofu

Pension Fund Advisors

The LGPS regulations require members of the Pensions Committee and Board to receive proper advice to support the effective undertaking of their duties. The table below lists the Fund's appointed advisors.

Role	Appointed Advisor
Fund Actuary	Hymans Robertson
Investment Consultants	Mercer
Independent Advisor	John Raisin Financial Services Ltd

Investment Managers

The Fund has appointed several external investment managers to undertake the day-to-day management of its investment portfolio. Each investment manager is appointed with a mandate to cover a specific asset class or strategy.

The table below provides a list of the Fund's current external investment managers and the mandates that they are responsible for.

Mandate	Investment Manager
Listed Equities	LGIM
Property	CBRE Aviva Investors London CIV, LPPI
Multi Asset Credit	London CIV CQS, PIMCO
Multi Asset	London CIV Ruffer
Index Linked Gilts	LGIM
Renewable Infrastructure	London CIV BlackRock CIP
Private Equity	Pantheon
Infrastructure Debt	Allianz

Other service providers

The Fund has procured other services from external providers to support with the administration of the Fund.

The table below lists other service providers and the services they provide to the Pension Fund.

Service	Organisation
Custodian	Northern Trust
Bankers	Barclays Bank Aviva Investors
Auditors	BDO (external) Mazars (internal)
Administration Software Provider	Heywood
Additional Voluntary Contributions (AVCs) Providers	Equitable Life Clerical & Medical Prudential

Risk Management

The Pensions Committee and Board is responsible for the Fund's risk management strategy.

Risk Register

The Fund maintains a risk register that is reviewed quarterly and discussed at the Committee and Board's meetings.

The risk register identifies the key risks that affect the Fund and outlines the planned actions to mitigate and/or reduce the impact of each identified risk.

The full risk register is made available in the public section of the meetings and published online.

Funding risks

The Funding Strategy Statement (FSS) outlines the key risks related to changing demographics, regulatory risks, employer related risks, and the measures in place to manage these risks. The FSS is reviewed regularly.

Operational risks

Haringey Council's internal audit team conducts risk based audits on the management risk of the Pension Fund. These audits are carried at least once every two years.

Investment risks

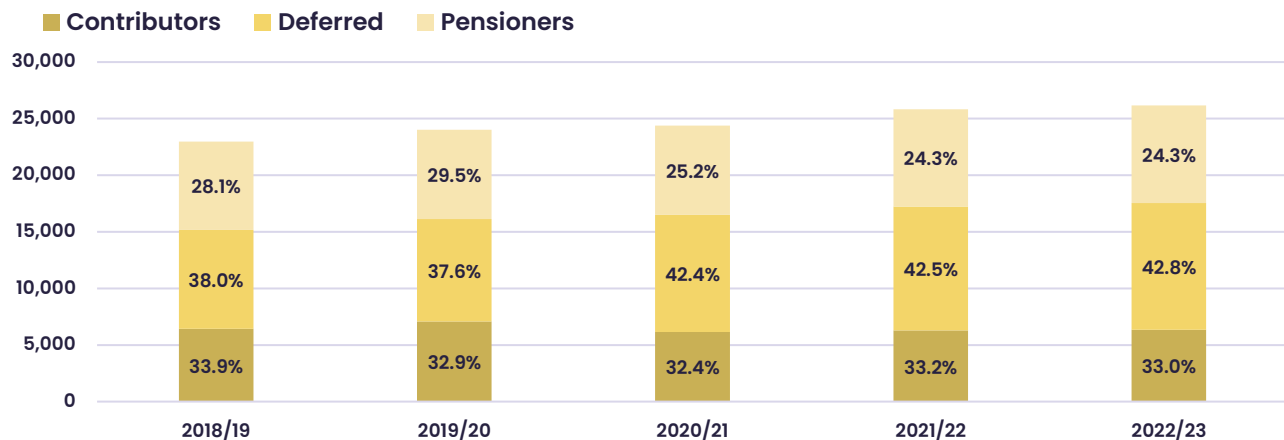
Further details of the Fund's policy regarding the management of investment risk are outlined in the Fund's Investment Strategy Statement (ISS).

Investment managers and other relevant service providers provide assurance over their internal controls annually through the disclosure of ISAE 3402 reports.

Fund Membership

The chart below shows the breakdown of the Fund's membership over the past 5 years.

Fund Membership



At 31 March 2023, the Fund had approximately 26,000 in total scheme members. This has been broken down into the following categories:

- **Contributors** (also referred to as active members) are employees who are currently contributing to the Fund. There were **6,350** active contributors at 31 March 2023.
- **Deferred members** are members who have left Haringey LGPS but are not yet entitled to their accrued benefits. Some individuals may have multiple memberships due to having had multiple contracts of employment with different employers participating in the scheme. There were **11,194** deferred membership records at 31 March 2023.
- **Pensioners** are individuals who have already reached retirement age and are receiving their pension benefits, paid out by the Fund. There were **8,633** pensioner members at 31 March 2023.

Financial Performance

The Fund's net asset value decreased by over £95m during the financial year. This was largely due to the impact of rising interest rates and uncertainty in the economic environment, which negatively impacted the performance of various asset classes.

The table below provides a summary of the Fund's net investment trends over the past three years.

	2020/21	2021/22	2022/23
Net Asset Statement	£m	£m	£m
Pooled investment vehicles	1,616	1,758	1,668
Cash and other balances	22	45	40
Total net assets	1,638	1,803	1,708

The table below provides a summary of the Fund's income and expenditure trends over the past three years.

	2020/21	2021/22	2022/23
Fund Account	£000	£000	£000
Fund value at start of the year	1,326,583	1,638,253	1,803,329
Contributions received	47,954	49,872	56,043
Benefits paid	(51,291)	(54,106)	(56,232)
Net transfers	(2,635)	458	321
Net investment income	6,845	7,663	10,507
Net Revenue	873	3,887	10,639
Change in market value	310,797	161,189	(105,790)
Net increase (decrease)	311,670	165,076	(95,151)
Fund value at end of the year	1,638,263	1,803,329	1,708,178

The Fund's contributions received have increased over the past three years. On 31 May 2022, Haringey Council (administering authority) completed the bulk transfer of Homes for Haringey (scheduled body) members, following the decision to bring services back under the Council's control. This resulted in an increase in the total employer contributions during 2022/23 as Homes for Haringey previously paid a lower contribution rate than Haringey Council. The full implications of this bulk transfer on the administering authority's primary contribution rate will be accounted for in the actuarial funding valuation as at 31 March 2022.

The amount of benefits paid to pensioners is uplifted annually by Consumer Price Index (CPI) inflation rate. This increase also depends on the number of individuals retiring in any given year.

Investment income increased from £6.8m in 2020/21 to £10.6m in 2022/23. This increase was largely due to changes made to the Fund's asset allocation, to invest into more income generating assets such as Fixed Income, Property, and Infrastructure. The Fund uses the income generated from these investments to pay retirement benefits to its members.

The table below provides a summary of the Fund's operational expenses, which are the costs of administering the Fund.

	2020/21	2021/22	2022/23
Adminstration and Governance Costs	£000	£000	£000
Adminstration			
Employee related costs	656	819	865
Administration software	214	195	670
Ill health liability insurance	(513)	421	-
Other administration costs	111	198	312
Total administration expenses	468	1,633	1,847
Oversight and governance			
London CIV pooling costs	155	123	106
Actuarial fees	95	106	201
Investment consultancy and advice	140	71	89
Audit fees	16	14	-
Other governance costs	18	18	26
Total oversight and governance expenses	424	332	422
Total adminstration and governance costs	892	1,965	2,269

Investments

Investment Strategy

The Pensions Committee and Board is responsible for setting the Pension Fund's investment strategy. This strategy is formulated in accordance with the Local Government Pension Scheme (Management and Investment of Fund) Regulations 2016.

The strategy is outlined in detail in the Investment Strategy Statement (ISS) which can be found on Haringey Pension Fund's website. The ISS outlines the responsibilities relating to the overall investment policy of the Fund which includes:

- strategic asset allocation
- methods of investment management
- performance monitoring

The ISS also outlines the Fund's approach to responsible investment and demonstrates compliance with the "Myners Principles". These principles are a set of recommendations relating to the investment of pension funds originally prepared by Lord Myners in the early 2000s. These were subsequently endorsed by the UK Government and cover the following areas:

- Effective decision-making
- Clear objectives
- Risk & Liabilities
- Performance measurement
- Responsible ownership
- Transparency and report

Asset Allocation

The strategic asset allocation is agreed by the Pensions Committee and Board, considering the advice of the Fund's advisers.

The table below shows the Fund's strategic asset allocation as at 31 March 2023.

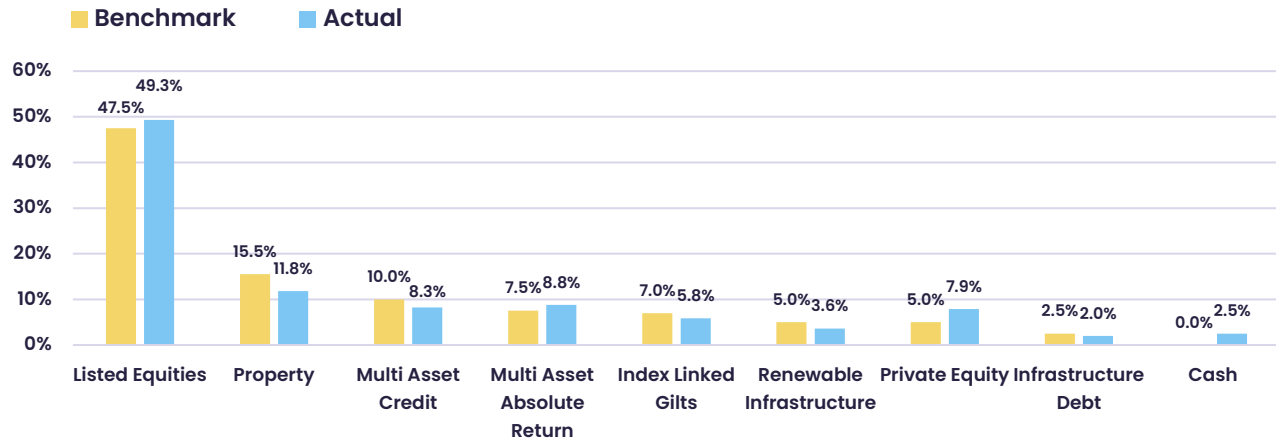
Asset Class	Target Allocation %
Listed Equities	47.5%
Property	15.5%
Multi Asset Credit	10.0%
Multi Asset – Absolute Return	7.5%
Index Linked Gilts	7.0%
Renewable Infrastructure	5.0%
Private Equity	5.0%
Infrastructure Debt	2.5%
Total	100.0%

Haringey Pension Fund is a member of the London Collective Investment Vehicle (LCIV), one of the 8 asset pools that was set up after the government guidance issued in November 2015. At the reporting date, the Pension Fund had approximately 75% of assets invested with the pool.

Portfolio distribution

The chart below shows a comparison of the Fund's benchmark asset allocation to the actual asset allocation at 31 March 2023.

Asset allocation as at 31 March 2023



Several of the Fund's investment strategies are funded over several years. This can result in a wider variance between the benchmark strategic asset allocation and the actual asset allocation. This is particularly the case for the Renewable Infrastructure mandate, for which the Pension Fund committed an additional £65m to, in 2021/22.

Fund value

The chart below shows the growth in Fund Assets over the past 5 years.

Fund assets

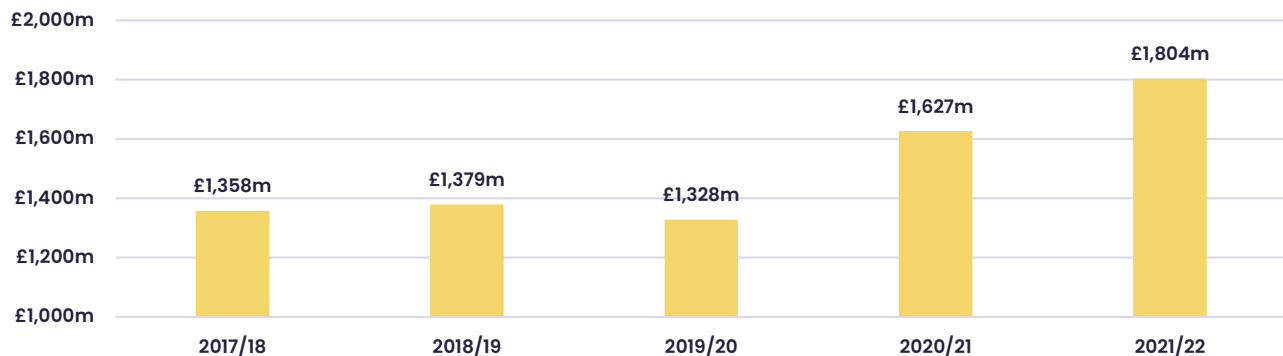


Chart Title



Since 1 April 2018, the Fund's assets have increased by 24%. During this period, several significant events which include the COVID-19 pandemic, heightened geopolitical uncertainty and inflationary pressures have all had an impact on the financial markets. Despite these challenges, the Fund's investment strategy has been resilient.

Investment Performance

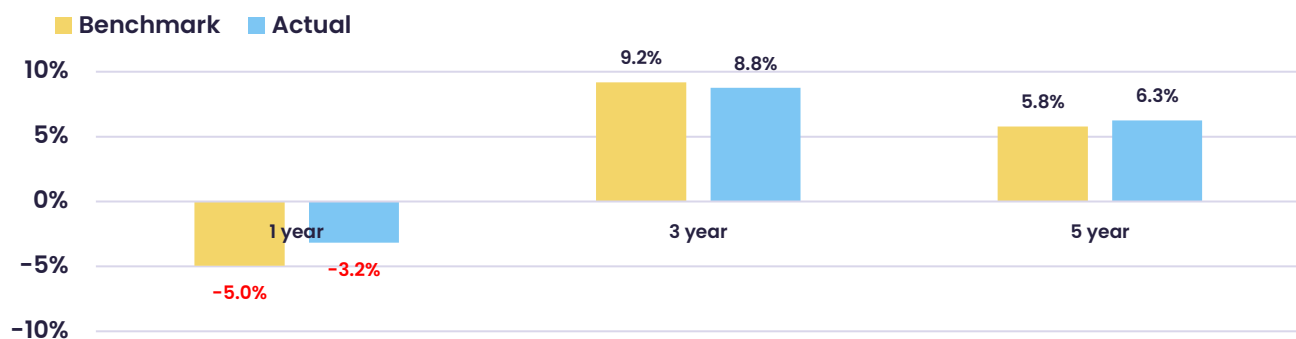
The Fund's investment assets are invested to meet the Fund's liabilities over the medium to long term, and therefore its performance is assessed over the corresponding periods. Annual investment performance can be volatile and does not necessarily indicate the underlying long-term sustainability of the Fund.

The performance of the Fund's investment managers, and overall investment performance is reported on a quarterly basis to the Pensions Committee and Board. The Fund's investment performance is compared against the target strategic benchmark, based on the individual performance targets assigned to each investment manager.

Annualised Investment Performance

The chart below shows the Fund's annualised investment performance over several time periods.

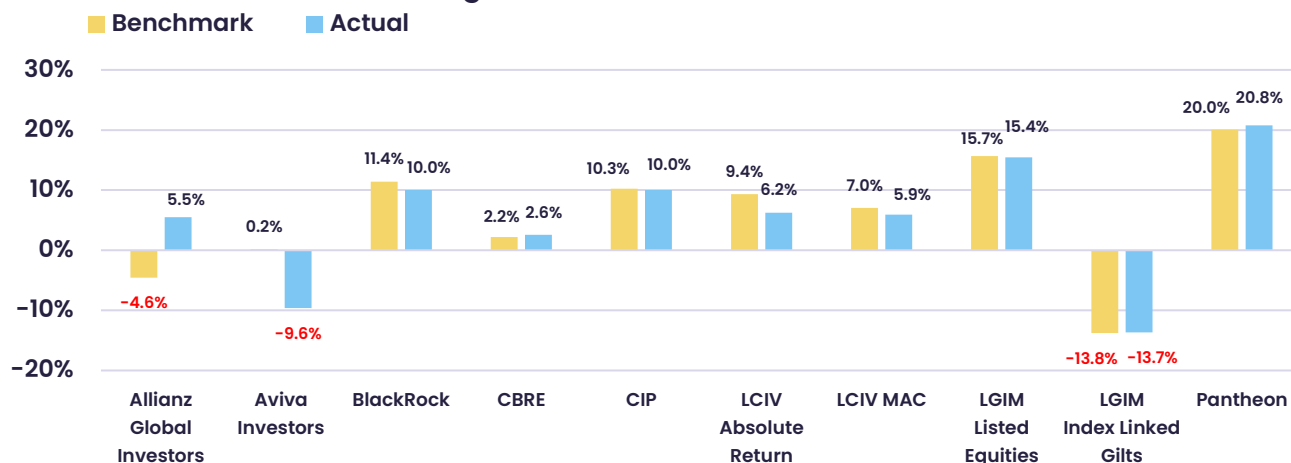
Annualised Fund Investment Performance



Investment manager performance

The chart below shows the individual investment performance for each investment manager measured over the rolling three-year period.

Annualised Investment Manager Performance



In March 2021, the Pensions Committee and Board agreed to make commitments to invest in the LCIV Renewable Infrastructure Fund and the London Fund. These investments were still in their funding period during the financial year and have therefore not been included in the annualised investment manager performance.

Asset Pooling

In 2015, the Government issued guidance on LGPS asset pooling (LGPS: Investment Reform Criteria and Guidance), which sets out the Government's expectations for LGPS funds to establish asset pooling arrangements. The Fund recognises the Government's requirement for LGPS funds to pool their investments and has over the years committed to supporting the pool and transitioning assets where possible.

The Fund is a member of the London Collective Investment Vehicle (London CIV), an asset pool comprised of the 32 local authorities within London and has £26.8bn of assets under management, including £14.3bn under direct management.

The Fund has transitioned assets into the London CIV with a value of £1.282bn or 75% of assets as at 31 March 2023. The table below provides a summary of the Fund's investment in the pool.

Investment Manager	Asset Class	Valuation £m
Legal & General Investment Management	Listed Equities	844
LCIV Absolute Return Fund	Multi Asset	150
LCIV MAC Multi Asset Credit	Multi Asset Credit	141
Legal & General Investment Management	Index Linked Gilts	100
LCIV Renewable Infrastructure	Renewable Infrastructure	29
London Fund	Property/infrastructure	18
Total		1,282

As shareholders in the London CIV, the Fund contributed £150k of shareholder capital alongside other London Borough funds. This amount is present on the Net Asset Statement in the Fund's Statement of Account. In addition to this, there is an annual service charge of £25k and the Development Funding Charge for 2022/23 was £85k.

The Fund estimates that asset pooling has generated net savings since inception, thereby offsetting the London CIV's costs due to savings achieved on the assets under the London CIV's oversight.

Responsible Investment

The Pension Fund has a fiduciary duty to protect its members' pensions through its investments. The Fund recognises that managing Environmental, Social and Governance (ESG) risks that may have a financially material impact on future investment returns is consistent with this duty. Therefore, the Fund expects those responsible for managing its investments to demonstrate their ability to successfully integrate ESG factors into their investment decision-making process.

As part of its commitment to being a responsible investor, the Fund takes an engagement approach. This approach aims to engage with and encourage companies to take positive action on social, environmental and governance issues, rather than divesting from any specific companies. Research has shown that engagement achieves better outcomes than broad divestment.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), an organisation comprised of several other local authorities across England and Wales. LAPFF engages directly with companies on behalf of its member funds and often issues voting recommendations to investment managers. Additionally, LAPFF meets with company boards and management to effect positive change. The Pension Committee and Board receive an update report at each meeting which reports on LAPFF's most recent engagement activity.

Over the past few years, the Fund has made several decisions to transition its listed equity investments into low carbon index funds. It was also one of the first London Borough pension funds to include an allocation to renewable energy infrastructure as part of its strategic asset allocation. In 2021, the allocation to renewable energy infrastructure was increased by an additional £65m.

Furthermore, the Fund completed its transition to the RAFI Multifactor Climate Transition Fund. The goal of this strategy is to reduce the fund's carbon intensity by 7% annually in line with the Paris Agreement. As a result of this decision, all of the Fund's listed equity investments have been invested in low carbon index funds since 2022.

The Fund remains committed to identifying and pursuing investment opportunities where its investment objectives align with alternative sustainable funds. More information regarding the Fund's approaching to responsible investing is available in the Fund's Investment Strategy Statement.

Scheme Administration

Administration Service Delivery

The Local Government Pension Scheme (LGPS) is a national scheme, administered locally by the 85 Administering Authorities.

Haringey Council is the administering authority for the Haringey Pension scheme and therefore responsible for operating the Fund's pension administration service. The service interprets and implements the LGPS regulations and related legislation for administering the scheme. This includes maintaining a database of scheme members, including their employment service details. Additionally, the Pensions Administration service calculates and processes pension benefit payments.

Communications Policy

Proper management and administration of the pension scheme requires effective communication between the administering authority, scheme members, and participating employers.

According to The LGPS Regulations 2013, pension funds must create, publish, and maintain a communication policy statement. Haringey Pension Fund's website provides the Fund's current communication policy, which has been prepared in accordance with the LGPS regulatory requirements.

The policy sets out the framework which defines the format, frequency, and method of

distributing information and publicity. Additionally, it outlines the processes for promoting the scheme to prospective members and scheme employers.

The policy also includes the provision for a Member Self Service portal on Haringey Pension Fund's website. This is a useful resource for members to view and amend details related to their pension benefits.

Internal Dispute Resolution Procedure (IDRP)

Scheme members have statutory rights to ensure that complaints, queries, and problems concerning rights to pensions are properly resolved. To facilitate this process, an Internal Disputes Resolution Procedure policy has been established.

IDRP Stage 1 involves making a formal complaint in writing. This would normally be considered by the body that made the decision in question. If the scheme member is not satisfied with the actions taken at Stage 1, the complaint will progress to Stage 2.

IDRP Stage 2 involves a referral to the administering authority, Haringey Council, to undertake an independent review which is conducted by the Head of Pensions.

IDRP Stage 3 is a referral of the complaint to the Pensions Ombudsman.

Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
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For more information about the scheme generally, or to get in touch with the Pensions Team, please see contact details in the table below.

Contact	Details
Head of Pensions	7 th Floor
Pensions Manager	Alexandra House
Pensions Team	10 Station Road Wood Green London, N22 7LR Email: pensions.mailbox@haringey.gov.uk Telephone: 020 8489 5916 Website: www.haringeypensionfund.co.uk

Adminstration Management Performance

Adminstration statistics

The table below provides a summary of some of the key activities undertaken by the Pensions Administration service during the financial year.

Type of case	Target	% Completed within SLA
Letter detailing transfer in quote	30 days	19%
Letter detailing transfer out quote	30 days	82%
Calculation and notification of deferred benefits	30 days	74%
Letter notifying of estimate retirement benefits	5 days	89%
Letter notifying of actual retirement benefits	5 days	75%
Letter notifying of dependant's benefits	5 days	75%
Processing of refunds	14 days	51%

Key performance indicators

The Fund aims to provide value for money for its members and employers participating in the scheme. The Fund participates in a benchmarking exercise which compares its costs and staff numbers against other similar pension funds.

The table below provides an analysis of the administration costs per fund member over the past 3 years.

Type of administration cost	2020/21	2021/22	2022/23
Administration costs per member	£35.45	£39.28	£44.03
Adminstration FTEs	7.6	9.0	9.0
LGPS members per FTE staff	3,209	2,868	2,909

The adminstration costs included in the analysis above consist of staffing costs and adminstration contract costs. Following the retirement of a few staff in the pensions adminstration team, a restructuring was undertaken, which resulted in an increase in full-time equivalents (FTEs) in the team in 2021/22. Additionally, in 2022/23, the Fund procured a new pensions administration software contract.

Actuary's Report

Statement of Fund Actuary

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires Administering Authorities of LGPS funds to 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

	31 March 2023	31 March 2022
	£m	£m
Active members	526	915
Pensioner members	430	629
Deferred members	729	716
Total (£m)	1,685	2,260

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. 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 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 2023 and 31 March 2022. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £801m. I estimate that the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £3m.

	31 March 2023	31 March 2022
Pension Increase Rate	2.95%	3.20%
Salary Increase Rate	3.95%	4.20%
Discount Rate	4.75%	2.70%

Longevity assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised on the next page:

	Males	Females
Current pensioners	21.3 years	24.0 years
Future pensions (assumed to be aged 45 at the latest formal valuation)	22.6 years	25.3 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

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:

Change in assumption to 31 March 2023	Approximate % increase to liabilities	Approximate monetary amount £m
0.1% p.a. decrease in the Discount Rate	2%	28
1 year increase in member Life Expectancy	4%	67
0.1% p.a. decrease in the Salary Increase Rate	0%	2
0.1% p.a. decrease in the Real Discount Rate	2%	26

Professional notes

This paper accompanies my covering report titled 'Actuarial Covering Report – 31 March 2023 which identifies the appropriate reliance 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

22 June 2022

For and on behalf of Hymans Robertson LLP

Financial Statements

Statement of Responsibilities for the Statement of Accounts

Haringey Council's Responsibilities

The Council is required to:

- make arrangement for the proper administration of its affairs and ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance (Section 151 Officer)
- to manage its affairs to secure economic, efficient, and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, which include the Pension Fund's Statement of Accounts.

These accounts must be prepared in accordance with the proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code') which require that the Statement of Accounts give a true and fair view of the financial position of the Council at the accounting date and

its income and expenditure for the year ended 31 March 2023.

In preparing these Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies, and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I confirm that these accounts give a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2023.

Jon Warlow, CPFA
Director of Finance (S151 Officer)

Pension Fund Accounts

Fund Account for the year ended 31 March 2023

2022/23 £000		Notes	2021/22 £000
	Dealings with members, employers and others directly involved in the Fund		
56,043	Contributions	7	49,872
5,938	Transfers in from other pension funds	8	6,593
61,981			56,465
(56,232)	Benefits	9	(54,106)
(5,617)	Payments to and on account of leavers	10	(6,136)
(61,849)			(60,242)
132	Net withdrawals from dealings with members		(3,776)
(8,722)	Management expenses	11	(9,559)
(8,590)	Net withdrawals including fund management expenses		(13,335)
	Returns on Investments:		
19,232	Investment Income	12	17,256
(3)	Taxes on income		(34)
(105,790)	Profit and losses on disposal of investments and changes in market value of investments	13	161,189
(86,561)	Net return on investments		178,411
(95,151)	Net increase/(decrease) in the net assets available for benefits during the year		165,076
1,803,329	Opening net assets of the scheme		1,638,253
1,708,178	Closing net assets of the scheme		1,803,329

Net Asset Statement for the year ended 31 March 2023

2022/23 £000		Note	2021/22 £000
1,667,335	Investment assets	13	1,758,154
42,639	Cash deposits	13	45,927
1,709,974	Net Investment Assets		1,803,931
1,389	Current assets	20	1,779
(3,185)	Current liabilities	21	(2,531)
1,708,178	Net assets available to fund benefits at the period end		1,803,329

Notes to the Pension Fund Accounts

1. Description of the Fund

Introduction

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Haringey Council.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation.

- The [Local Government Pension Scheme Regulations 2013](#) (as amended)
- The [Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014](#) (as amended)
- The [Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#)

It is a contributory defined benefit pension scheme administered by Haringey Council to provide pensions and other benefits for pensionable employees of Haringey Council, a range of other scheduled bodies and admitted bodies within the London Borough of Haringey area. Teachers, police officers and firefighters are not included as they are covered by other national pension schemes. The fund is overseen by the Haringey Pension Fund's Combined Pensions Committee and Board, which is a committee of Haringey Council.

b) Fund administration and membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the Haringey Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admission bodies, which participate under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

Haringey Pension Fund	31 March 2023	31 March 2022
Number of employers	69	60
Number of employees in scheme		
Haringey Council	5,373	4,029
Other employers	977	2,248
Total	6,350	6,277
Number of pensioners		
Haringey Council	7,687	7,593
Other employers	946	976
Total	8,633	6,277
Deferred pensioners		
Haringey Council	9,392	9,056
Other employers	1,802	1,914
Total	11,194	10,970
Total number of members in pension scheme	26,177	25,816

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the [Local Government Pension Scheme Regulations 2013](#) and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The valuation for the period to 31 March 2023 was carried out as at 31 March 2019. The employer contribution rate for the whole fund was 18.6%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uplifted annually in line with the Consumer Prices Index inflation rate. The table below provides a summary of the pension benefits under the LGPS.

	Service pre-April 2008	Membership from 1 April 2008 to 31 March 2014	Membership from 1 April 2014
Pension	1/80 x final pensionable salary	1/60 x final pensionable pay	1/49 x career average revalued salary
Lump sum	Automatic lump sum 3/80 x final pensionable salary	No automatic lump sum	No automatic lump sum

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website – see www.lgpsmember.org.

2. Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting 2022/23* (the Code), which is based upon International Financial Reporting Standard (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 18.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

Normal contributions are accounted for on an accrual basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event rose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years would be classed as long-term financial assets.

b) Transfer to and from other schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Changes in value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – revenue recognition

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

e) Management expenses

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

The fund discloses its managements expenses in line with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses* (2016), as show in the following table. All items of expenditure are charged to the fund on an accrual basis as follows:

Type of expense	Accounting policy
Administrative expenses	All staff costs relating to the pensions administration team are charged directly to the fund. The Council recharges for management and legal costs which are also accounted for as administrative expenses of the fund.
Oversight and governance	All costs associated with the governance and oversight of the fund are separately identified, apportioned to this activity, and charged as expenses to the fund.
Investment management expenses	Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted from, the reported return on investments. Where fees are netted off returns by investment managers, these are grossed up to increase the change in value of investments. Fees charged by external investment managers and the custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market

value of the investments under management and therefore increase or reduce as the value of the investments change. In addition, the fund has negotiated with Pantheon Ventures and BlackRock that an element of their fee be performance related.

f) Taxation

The fund is a registered public service scheme under Section 1 (1) of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Net assets statement

g) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet completed at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13. Any gains or losses on investment sales arising from changes in the fair value of the net asset are recognised in the fund account.

The values of investments as show in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Foreign currency transactions

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

j) Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investments trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 18).

m) Additional voluntary contributions

The fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4 (1) (b) of the [Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#) but are disclosed for information in Note 21.

n) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

A contingent liability arises where an event prior to the end of the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

The Council has not applied any critical judgements in applying accounting policies in the preparation of the statement of accounts.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends, and future expectations. However, actual outcomes could be different from assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present Value of promised retirement benefits	<p>Estimation of the liability to pay pensions depends on several complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, Pension increase and expected returns on pension fund assets.</p> <p>The Pension Fund's actuary, Hymans Robertson has been appointed to provide the fund with expert advice about assumptions to be applied.</p>	<p>For instance:</p> <ul style="list-style-type: none"> 0.1% p.a. decrease in the Discount Rate would result in an increase in the pension liability of £28m (2%) 0.1% increase in assumed salary earnings would increase the value of the liabilities by approximately £2m (0%) 0.5% increase in assumed Pension Increase Rate (CPI) would increase the value of liabilities by approximately £67m (4%)
Private equity investments	<p>Private equity investments are valued at fair value in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines</i> (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.</p>	<p>Private equity investments are valued at £196m in the financial statements. There is a risk that this investment may be under- or overstated in the accounts by up to 5% i.e., an increase or decrease of approximately £10m.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
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For the purposes of estimation, private equity investments include infrastructure and private debt.

6. Events after the reporting date

There were no significant events which occurred after the reporting date.

7. Contributions receivable

2022/23 £000	By category	2021/22 £000
12,483	Employee contributions	11,529
33,411	Normal employer contributions	26,675
9,644	Deficit recovery contributions	7,959
505	Augmentation contributions	709
43,560	Total employers' contributions	38,343
56,043	Total contributions receivable	49,872

2022/23 £000	By employer	2021/22 £000
50,128	Administering authority	38,774
4,900	Scheduled bodies	10,007
1,015	Admitted bodies	1,091
56,043	Total contributions receivable	49,872

On 31 May 2022, Haringey Council (administering authority) completed the bulk transfer of Homes for Haringey (scheduled body) members, following the decision to bring services back under the Council's control. This resulted in an increase in employer contributions during 2022/23 as Homes for Haringey previously paid a lower contribution rate than Haringey Council. The full implications of this bulk transfer on the administering authority's primary contribution rate will be accounted for in the actuarial funding valuation as at 31 March 2022.

8. Transfers in from other pension funds

During 2021/22, there were transfers into the Pension Fund of £5.9 million (£6.6 million in 2020/21). All these transfers were related to individuals transferring in their benefits from other LGPS schemes.

9. Benefits payable

2023/23 £000	By category	2021/22 £000
46,445	Pension benefits	44,433
8,154	Commutation and lump sum payments benefits	8,143
1,633	Lump sum death benefits	1,530
56,232	Total benefits payable	54,106

2022/23 £000	By employer	2021/22 £000
50,367	Administering authority	48,385
4,310	Scheduled bodies	4,226
1,55	Admitted bodies	1,495
56,232	Total benefits payable	54,106

10. Payments to and on account of leavers

2022/23 £000		2021/22 £000
5,502	Individual transfers	5,927
116	Refunds to members leaving service	209
5,617	Total payments to and on account of leavers	5,617

11. Management expenses

2022/23 £000	By management expense	2021/22 £000
1,847	Investment management expenses	7,621
6,559	Administrative costs	1,633
316	Oversight and governance costs	305
8,722	Total management expenses	9,559

2022/23 £000	Breakdown of investment management expenses	2020/21 £000
5,722	Management fees	5,701
383	Performance related fees	1,113
393	Transaction fees	750
61	Custody fees	57
6,559	Total investment management expenses	7,621

12. Investment income

2022/23 £000		2021/22 £000
19,084	Income from pooled investments	17,254
148	Interest on cash deposits	2
19,232	Total investment income	17,256

13. Investments

31 March 2023 £000		31 March 2022 £000
	Pooled funds	
843,501	Global equity	864,484
240,878	Fixed income unit trusts	296,387
150,173	Multi-asset absolute return fund	178,788
61,542	Infrastructure funds	52,961
1,296,094	Total pooled funds	1,392,620
	Other investments	
202,014	Pooled property investments	200,618
134,535	Private equity and joint venture funds	123,094
34,500	Infrastructure debt funds	42,288
371,049	Total other investments	366,000
42,681	Cash deposits	45,927
1,709,824	Total investments	1,804,547
	Long-term investments	
150	Share in London CIV asset pool	150
	Investment liabilities	
-	Amounts payable for purchases	(616)
1,709,974	Total net investment assets	1,804,081

Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
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Reconciliation of movements in investment assets and liabilities

	Value at 31 March 2022	Purchases at cost	Sales proceeds	Changes in market value	Value at 31 March 2023
Pooled investment vehicles	1,758,620	74,041	(59,102)	(106,541)	1,667,019
Cash deposits	45,927	62,173	(66,200)	739	42,639
Other investment assets/liabilities	(616)	787	(16)	12	166
Total	1,803,931	137,001	(125,318)	(105,790)	1,709,824

	Value at 31 March 2021	Purchases at cost	Sales proceeds	Changes in market value	Value at 31 March 2022
Pooled investment vehicles	1,616,504	95,187	(113,956)	160,885	1,758,620
Cash deposits	22,209	78,230	(54,827)	315	45,927
Other investment assets/liabilities	(413)	54	(246)	(11)	(616)
Total	1,638,300	173,471	(169,029)	161,189	1,803,931

Investments analysed by fund manager

2022/23 £000	%	By investment manager	2021/22 £000	%
Investments managed by London CIV asset pool:				
943,001	55.2	Legal & General	1,007,510	55.9
150,173	8.8	LCIV Absolute Return	178,788	9.9
141,379	8.3	LCIV Multi-Asset Credit	153,361	8.5
29,082	1.7	LCIV Renewable Infrastructure	17,983	1.0
18,190	1.1	London Fund	5,600	0.3
1,281,825	75.0		1,363,242	75.6
Investments managed outside of London CIV asset pool:				
134,535	7.9	Pantheon	123,094	6.8
93,286	5.5	CBRE Global Investors	113,770	6.3
90,536	5.3	Aviva Investors	80,632	4.5
34,500	2.0	Allianz Global Investors	42,288	2.3
20,377	1.2	BlackRock	20,017	1.1
12,084	0.7	CIP	14,961	0.8
42,681	2.5	In house cash deposits	45,927	2.5
427,999	25.0		440,689	24.4
1,709,824	100.0	Total investments	1,803,931	100.0

The following investments represent more than 5% of the investment assets of the scheme.

2022/23 £000	%	Name of holding	2021/22 £000	%
352,431	20.6	MSCI Low Carbon Index	368,021	20.4
371,973	21.8	RAFI Multi Factor Climate Transition	372,312	20.6
150,173	8.8	LCIV Absolute Return	178,788	9.9
119,097	7.0	Low Carbon Emerging Equities	124,152	6.9
99,499	7.9	Index Linked Gilts	143,026	7.9
1,093,173	63.9	Total	1,186,299	65.8

Legal and General Investment Management (LGIM) manages the following investments on behalf of the Pension Fund: MSCI Low Carbon Index, RAFI Multi Factor Climate Transition, Index Linked Gilts, Low Carbon Emerging Equities.

14. Fair value – basis of valuation

All investment assets are valued using fair value techniques based in the characteristics of each instrument where possible, using market-based information. There has been no change in the valuation techniques used during the year.

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine their fair values.

Level 1

Financial instruments classified as Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise of listed equities, listed fixed income securities, exchange traded listed index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where the quoted market prices are not available. For example, this can be in cases where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments (also referred to as private equity) and infrastructure investments, which are valued using various valuation techniques that require significant judgement in determining the appropriate assumptions.

The valuation basis for each category of investment is set out below:

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds and unit trusts	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of short-term nature of these financial instruments	Not required	Not required
Amounts receivable from investment sales	Level 1	Carrying value is deemed to be fair value because of short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Level 1	Carrying value is deemed to be fair value because of short-term nature of these financial instruments	Not required	Not required
Pooled property funds where regular trading takes place	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price is published	NAV-based pricing set on a forward pricing basis.	Not required
Unquoted fixed income bonds and unit trusts	Level 2	Average broker prices	Evaluated price feeds	Not required
Pooled property funds where regular	Level 3	Valued by investment managers on a fair	NAV-based pricing set on a forward basis	Not required

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
trading does not take place		value basis each year using PRAG guidance		
Shares in London CIV asset pool	Level 3	Based on the historical cost at acquisition of shares	Not required	Not required
Other unquoted and private equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts.

Sensitivity of assets valued at Level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

Asset	Assessed Valuation Range +/-	Valuation at 31/03/2023 £000	Value on Increase £000	Value on Decrease £000
Pooled UK property unit trusts	2%	202,014	206,054	197,974
Private Equity	5%	134,535	141,262	127,808
Infrastructure	5%	61,542	64,619	58,465
		398,091	411,935	384,247

Fair value hierarchy

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted Market Price Level 1 £000	Using Observable Inputs £000	With significant unobservable inputs £000	Total £000
Values as at 31/03/2023				
Financial assets / liabilities at fair value through profit and loss				
Pooled investments	1,234,552	34,500	61,542	1,330,594
Pooled property investments	-	93,286	108,726	202,012
Private equity	-	-	134,535	134,535
Cash deposits	42,683	-	-	42,683
	1,277,235	127,786	304,803	1,709,824

Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

Reconciliation of fair value measurements within Level 3

	Value at 31 March 2022 £000	Purchases at cost £000	Sales proceeds £000	Changes in market value £000	Value at 31 March 2023 £000
Pooled UK property unit trusts	86,232	41,583	(288)	(18,861)	108,726
Private Equity	123,094	16,695	(9,153)	3,899	134,535
Infrastructure	61,542	11,033	(12,256)	1,223	61,542
Total	376,057	69,311	(21,637)	(13,739)	304,803

15. Financial instruments

	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Values as at 31 March 2023			
Financial assets			
Pooled investments	1,330,594		
Pooled property investments	202,014		
Private equity	134,535		
Equities		150	
Cash		42,681	
Debtors		1,389	
Total financial assets	1,667,143	44,220	-
Financial liabilities			
Other investment balances			
Creditors			(3,185)
Total financial liabilities	-	-	(3,185)
Grand total	1,667,143	44,220	(3,185)

	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Values as at 31 March 2023			
Financial assets			
Pooled investments	1,434,908		
Pooled property investments	200,618		
Private equity	123,094		
Equities		150	
Cash		45,927	
Debtors		1,779	
Total financial assets	1,758,620	47,856	-
Financial liabilities			
Other investment balances			(616)
Creditors			(2,155)
Total financial liabilities	-	-	(2,771)
Grand total	1,758,620	47,856	(2,771)

Net gains and losses on financial instruments

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

2022/23 £000	Financial Assets	2021/22 £000
(106,541)	Fair value through profit or loss	160,885
751	Financial assets and liabilities at amortised cost	304
(105,790)	Net assets	161,189

16. Nature and extent of risks arising from Financial Instruments

Management of Risk

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e., promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. Additionally, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risk as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the pension fund's Combined Committee and Board. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio's strategic asset allocation across different asset classes, industry sectors, and jurisdictions. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis on a regular basis. The strategic asset allocation is reviewed each quarter and any significant deviations from this are rebalanced as appropriate.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affect all such instruments in the market.

The fund is exposed to share price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

A significant portion of the pension fund's assets are invested in pooled investment vehicles with underlying assets which can fluctuate daily as market prices change. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns. The assessment of the potential volatilities is consistent with a one standard deviation movement in the change in value of assets over the last three years.

	Value £000	Change %	Value on Increase £000	Value on Decrease £000
As at 31 March 2023				
Overseas equities	993,675	12.0	1,112,916	874,434
Fixed Income	240,878	11.9	269,542	212,214
Property	202,012	6.3	214,739	189,285
Alternatives	230,578	16.5	268,623	192,533
Cash	42,681	0.0	42,681	42,681
Total	1,709,824		1,908,502	1,468,465

	Value £000	Change %	Value on Increase £000	Value on Decrease £000
As at 31 March 2022				
Overseas equities	864,484	26.2	1,090,979	637,989
Fixed Income	296,387	5.6	312,985	279,789
Property	200,002	2.9	205,802	194,202
Alternatives	397,131	7.4	426,519	367,743
Cash	45,927	0	45,927	45,927
Total	1,803,931		2,082,211	1,479,724

Interest rate risk

The fund recognises that interest rates can vary and can affect both income into the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100-basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

Interest rate risk – sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk:

As at 31 March 2023	Interest earned £000	Interest rate if 1% higher	Interest rate if 1% lower
Cash	148	220	76
Total	148	220	76

As at 31 March 2022	Interest earned £000	Interest rate if 1% higher	Interest rate if 1% lower
Cash	2	31	(27)
Total	2	31	(27)

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The table below demonstrates how a 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Currency risk – sensitivity analysis

As at 31 March 2023	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas equities	482,112	10.0	530,323	433,901
Fixed Income	141,379	10.0	155,517	127,241
Private Equity	134,535	10.0	147,989	121,082
Infrastructure	32,461	10.0	35,707	29,215
Cash	14,610	10.0	16,071	13,149
Total	805,097	10.0	885,608	724,587

As at 31 March 2022	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas equities	496,974	10.0	546,671	447,277
Fixed Income	153,361	10.0	168,697	138,025
Private Equity	123,094	10.0	135,403	110,785
Infrastructure	34,978	10.0	38,475	31,480
Cash	19,869	10.0	21,856	17,883
Total	828,276	10.0	911,104	745,448

b) Credit risk and counterparty risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2023 were received within the first two months of the financial year.

Money market funds and bank accounts all have AAA rating from a leading ratings agency, and the pension fund has experienced no defaults from fund managers, brokers or bank accounts over the past five years.

	Credit Rating	Balances at 31 March 2023	Balances at 31 March 2022
Money market funds			
BlackRock Institutional Sterling Liquidity Fund	AAA	5,000	5,000
Invesco Liquidity Fund	AAA	5,000	1,215
Bank current accounts			
Northern Trust	A+	30,473	39,704
Barclays Bank plc	A+	2,208	8
Total		42,681	45,927

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's policy is to maintain a minimum balance of £5m immediately available in the current accounts or Money Market Funds.

The fund also has access to an overdraft facility for short-term cash needs (up to seven days), in order to cover any timing differences on pension payments. The fund has not used this facility since 2015.

Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

17. Funding arrangements

In line with the Local Government Pension Scheme (LGPS) Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the next three years. The pension fund accounts for the period were based on the valuation that took place as at 31 March 2019. The most recent valuation took place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the pension fund, i.e., that there are sufficient funds available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering body considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years but, in some cases, a maximum period of 12 years can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring additional employer contributions.

At the 2019 actuarial valuation, the fund was assessed as 100% funded (79% at the March 2016 valuation). Contribution increases will be phased in over the three-year period ending 31 March 2023 for both scheme employers and admitted bodies.

The primary contribution rate (i.e., the rate which all employers in the fund) was due to decrease over a three-year period from 26.4% to 24.9% of pensionable pay.

In addition to the primary contribution rate, most employers also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the fund's website.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. The principal assumptions were as follows:

Financial assumptions

	31 March 2016	31 March 2019
Future assumed rates	%	%
Discount rate (annual nominal return rate)	4.0	4.2
Pay increase (annual change)	2.8	3.3
Pay increase – Pension (annual change)	2.1	2.3
Retail Price Index (RPI)	3.2	3.3

Demographic assumptions

The assumed life expectancy from 65 is as follows:

Future assumed rates	31 March 2023	31 March 2022
Retiring today		
Males	21.3	21.5
Females	24.0	24.0
Retiring in 20 years		
Males	22.6	22.9
Females	25.3	25.8

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The actuary has also used valued ill health and death benefits in line with IAS 19.

2022/23 £000		2021/22 £000
(1,680,000)	Present value of promised retirement benefits	(2,260,000)
1,708,178	Fair value of scheme assets	1,803,329
23,178	Net Liability	(456,671)

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see Note 17) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
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Other key assumptions used are:

	31 March 2023	31 March 2022
	%	%
Inflation/pension increase rate	2.95	3.20
Salary increase rate	3.95	4.20
Discount rate	4.75	2.70

19. Current assets

2022/23 £000	Debtors	2021/22 £000
128	Contributions due - employees	155
908	Contributions due - employers	1,447
353	Sundry debtors	177
1,389	Total current assets	1,779

20. Current liabilities

2022/23 £000	Creditors	2021/22 £000
2,382	Sundry creditors	2,155
803	Benefits payable	376
2,531	Total current liabilities	2,531

21. Additional Voluntary Contributions ("AVCs")

Separately invested Additional Voluntary Contributions are held with the Equitable Life Assurance Society, Prudential Assurance, and Clerical Medical in a combination of With Profits, Unit Linked and Building Society accounts, securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Movements by provider are summarised below:

	Contributions paid during 2022/23 £000	Market value at 31 March 2023 £000
Utmost life and pensions	83	195
Prudential assurance	262	1,053
Clerical and medical	1	17

	Contributions paid during 2021/22 £000	Market value at 31 March 2022 £000
Prudential assurance	262	1,053
Clerical and medical	1	17

22. Related party transactions

Haringey Council

The Haringey Pension Fund is administered by Haringey Council. During the reporting period, the council incurred costs of £0.885m (2021/22 £0.827m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.

The council is also the single largest employer of members of the pension fund. As at 31 March 2023, an amount £0.365m was due from the Council to the fund.

Each member of the pension fund's Combined Pensions Committee and Board is required to declare their interests at each meeting. Two members of the Combined Pensions Committee and Board were scheme members in the Haringey Pension Fund.

23. Key management personnel

Key management personnel are the Section 151 Officer and the head of pensions. Their remuneration is set out below:

2021/22 £000	Key management personnel	2021/22 £000
26	Short-term benefits	25
7	Post-employment benefits	6
33	Total	31

24. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2023 were £131.3m. These commitments relate to outstanding call payments due on unquoted limited partnership funds held within the private equity and infrastructure part of the portfolio. These amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

2022/23 £000	Contingent liabilities and contractual commitments	2021/22 £000
43,906	Pantheon Ventures	73,821
42,852	LCIV Renewable Fund	47,017
26,452	LCIV London Fund	39,235
15,669	Copenhagen Infrastructure Partners	23,054
2,410	Blackrock	3,191
131,289	Total	186,318

Independent Auditor's Report

To follow, subject to the completion of the external audit exercise for 2022/23.