

MINUTES OF THE MEETING Pensions Committee and Board HELD ON Tuesday, 5th March, 2024, 7:05pm – 8:14pm

PRESENT:

**Councillors: Ahmed Mahbub (Chair), John Bevan (Vice-Chair),
Nick da Costa, Thayahlan Iyngkaran and Matt White**

ALSO ATTENDING: Kodi Sprott, Keith Brown, Randy Plowright, John Raisin, Ishmael Owarish, Tim Mpofu, Jamie Abbott, Craig Pattinson, Patrick Uzize

1. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

2. APOLOGIES

Apologies were received from Cllr Hymas.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

Representatives of the Tottenham and Haringey Palestine action [group] attended the meeting, and the following was noted.

On behalf of the group, the representatives urged the Committee and Board to look into divesting from companies identified by the group, through their involvement in the ongoing conflict in the Middle East, as soon as possible. They thanked Councillor Blake for his intervention in the matter at an earlier Committee and Board meeting. They also proposed an action research group to kick start this work and looked forward to working together with officers and members.

Cllr Mahbub thanked the deputation party for attending the meeting. Cllr Mahbub informed the group that the Committee and Board had sought advice from officers and appointed advisors since receiving the deputation request from the group. This included raising enquiries with the relevant investment managers and meeting as a group to better understand the current

investment position in relation to these matters as well as consider any actions that could or could not be taken on behalf of the Fund. There was also planned work as part of the investment strategy review to further develop the Fund's responsible investment approach. A comprehensive response addressing the specific questions raised in the deputation would be provided in due course.

The following was noted in response to questions and comments made by the Committee and Board to the deputation group:

Cllr Bevan explained that he took the issues raised seriously. He informed the group that the Pension Fund required all its appointed investment managers to be signatories of the United Nations Principles of Responsible Investment (UNPRI). The investment managers were expected to consider the climate related issues as well as other issues including issues related to tax transparency; it was a big subject that a lot of effort and research was put into. In addition to this, it was noted that the Local Authority Pension Fund Forum (LAPFF) regularly met with company directors to raise all these issues.

It was noted by the deputation group that their research had referred to the Pension Fund's end of 2023 report, MSCI constituents and the London CIV's fund documents. Cllr Mahbub explained Haringey did not have any direct investments in the companies identified but would request officers to confirm this with the London CIV..

Keith Brown explained that excluding specific companies from the indices outlined would be difficult. The cost for Haringey Pension Fund to transfer from an index approach to a fully discretionary approach where companies could be eliminated would cost a lot of money. This would be difficult to justify when the priority of the Fund is to provide pensions to the people participating in the scheme.

Cllr Iyngkaran also cited there was a responsibility to members of the pension fund and added that he took the fiduciary responsibility seriously. He looked forward to engaging with the action group to as part of the policy development work. However, he noted that these things would take time.

6. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Keith Brown had completed LGPS Fundamentals training.

Cllr Bevan had completed the below training:

- Artemis Opportunities in Emerging Market Equities
- EPFIF Macro-economic, Inflation & Geopolitical Update – Asset Allocation Implications
- LBH Pensions training
- LONDON CIV Natural Capital: Carbon Credit and Financial Aspects Training
- SPS Local Authority Pension Funds Annual Investment Conference
- NUVEEN 2024 Real Assets Impact Forum
- London CIV Business Update

7. MINUTES

RESOLVED:

That the minutes of the meeting held on 30th January 2024 be confirmed and signed as a correct record.

The dates of next meetings were to be confirmed.

8. PENSION ADMINISTRATION UPDATE

Jamie Abbott presented the item. This report provided the Pensions Committee and Board (PCB) with a draft version of the Pension Fund's revised Administration Strategy. This document aims to ensure that the Pension Fund has an effective strategy in place to ensure that both the Administering Authority and the scheme employers participating in the Fund understand and fulfil their roles and responsibilities in the Fund's administration.

The following was noted in response to questions and comments from the Committee and Board:

Cllr Bevan sought reassurance on the key performance indicators (KPIs) deadlines. He noted that the target deadlines were tighter than the current ones, but Jamie Abbott explained that he thought these deadlines were achievable. He also explained that tighter target deadlines were established to improve the member experience because they would be able to receive their requested pensions information quicker.

John Raisin made comments from a governance point of view and commended the report. He noted that the basis of the pension fund's administration was a partnership between the administration authority and the scheme employers. Without the two working positively and collaboratively together it would not work. He observed this as an attempt by officers to create a better operational environment.

Tim Mpofo confirmed that the key objective of this review was indeed focused on improving the member experience. CIPFA would also provide benchmarking that would assess the fund's performance compared to other funds who are participating in the benchmarking exercise.

Cllr White queried what the existing KPIs were. Jamie explained these figures could be provided to the Committee and Board in detail after the meeting and taken away as an action. At present, the overall KPI performance was good and within the high 80%'s low 90%'s. These would continue to be produced as part of the Pensions Administration Update reports presented to the Committee and Board on a quarterly basis. In terms of improvements, the CIPFA KPI's were tighter and there were new additions which hadn't been tracked previously. This would be later assessed and provided.

RESOLVED:

The Pensions Committee and Board is recommended:

To agree that a statutory consultation be carried out on the revision to the Pensions Administration Strategy which has been included as Appendix 1 of this report.

To note that a revised Pension Administration Strategy will be brought back to the PCB after the consultation has been concluded.

9. HARINGEY PENSION FUND RISK REGISTER

Jamie Abbott presented the item. This paper had been prepared to update the Pensions Committee and Board on the Pension Fund's risk register and provide an opportunity for the Pensions Committee and Board to further review the risk score allocation.

The following was noted in response to questions and comments from Committee and Board:

Cllr Iyngkaran queried if it would be possible to have an arrow within the risk register indicating the movement of individual risks. Tim Mpofu noted the suggestion and would take this away as an action.

Cllr White sought further detail on the risk related to the delay in publication of accounts. Tim Mpofu clarified that the Council (as the Fund's Administering Authority) had published a draft set of accounts, but the audit work related to these accounts had not yet been completed. For these to be final, an external auditor would need to come in and give their opinion on these draft set of accounts. It was further noted that previously, the external auditors had presented their plans to the Committee and Board. Engagement between the external auditing firm and the Council since then had been limited, despite officers making various attempts to re-engage and explore how best this work could be progressed. It was noted that this was a national issue with the external auditors reporting resourcing challenges. Furthermore, the Government was working with audit partners across the sector to come up with a solution to resolve these backlogs. Reassurance was given that officers had completed the required work, specifically on the 2021-2022 accounts with the appointed external audit firm.

When asked further about the implications of this on the Pension Fund, Tim Mpofu cited a key risk which could arise if there was an underlying issue that had gone unidentified for several years which could come to light when the newly appointed external auditors commence their work. It was confirmed that a new external auditing firm would be starting from the start of the new financial year and officers had already started engaging with them. A big part of their assurance work would focus on the opening balances from prior years to ensure that everything was in order. Further updates on their progress would be provided in due course.

RESOLVED:

The Pensions Committee and Board is requested:

To note and provide any comments on the Fund's risk register. The area of focus for review at this meeting will be Administrative-related risks.

10. LGPS UPDATE - THE NEW PENSIONS REGULATOR CODE

Tim Mpofu presented the item. This report provided the Pensions Committee and Board (PCB) with an update on the Pensions Regulator's (TPR) new General code of practice which was published on 10 January 2024. The Fund's Independent Advisor had prepared a paper to update the PCB on the main outcomes which formed part of the discussion at the meeting.

The following was noted in response to questions and comments from the Committee and Board:

Cllr White queried to what extent the code was more applicable to the Haringey Pension Fund as the existing governance arrangements comprised of a combined committee and board. John Raisin explained the extent was not definitive. It was further noted that the Pensions regulator had no authority over the functions of a local government pensions committee, however they did have authority over the functions of the board; therefore the regulator had some influence.

Tim Mpofo explained to members that the recommendation would be for the Committee and Board to agree for the Fund's Independent Advisor to undertake this review. Once this review was complete, the Independent Advisor would provide feedback to members including a set of recommendations. Officers would then draft an action plan with the input of all Pensions Committee and Board members. John Raisin added that early September would be the nearest completion for this. There had been some issues between the regulator and the scheme advisory board.

RESOLVED:

The Pensions Committee and Board is recommended:

To note the Independent Advisor's The Pensions Regulator: General code of practice paper, appended as Appendix 1 of this report.

To agree to commission the Independent Advisor to undertake a Governance Review of Fund's governance arrangements.

11. LAPFF UPDATE REPORT

Tim Mpofo presented the item. This paper provided an update on the Local Authority Pension Fund Forum's (LAPFF) engagement and voting activities on behalf of the Fund. The Fund is a member of LAPFF, and the Pensions Committee and Board (PCB) has previously agreed for the Fund's investment managers to cast its votes at investor meetings in line with the LAPFF voting recommendations.

The following was noted in response to questions and comments from the Committee and Board:

Cllr White asked a question regarding if there was a way for the report to be improved so that it could better evidence and track the positive outcomes from LAPFF's engagement efforts.

Tim Mpofo explained it was difficult to evidence positive outcomes on an individual basis. When LAPFF would undertake any engagement activity identified during the quarter, the full impact of those engagement efforts may materialise years later. One of the key examples to reference was specifically some of the oil and gas companies.; LAPFF has been engaging with these companies for years and only as recent as last year, some of these companies had started to publish their first climate transition reports. It was further noted that it would be difficult to track this sort of outcome because it would require the team to keep track of all the individual voting alerts. This was a challenge given the limited resource capabilities of the Fund. Tim Mpofo referred members to LAPFF's quarterly reports which were available on their website. These reports provide more details regarding the organisation's most successful outcomes and challenges over the quarter including any areas of significant focus. It was further noted that LAPFF regularly arrange several seminars and workshops for members to attend and input into the engagement effort. Tim Mpofo noted the report itself, perhaps needed to be refreshed to make it more meaningful to Committee and Board members.

An action to take was officers would explore if this was something the asset pool company could support on.

Cllr lyngkaran queried if voting records over the year on what LAPFF recommended could be provided. Tim Mpofo would investigate this and provide and update at a future meeting

Tim Mpofo confirmed with members that they were content to explore further develop of report this report, particularly engagement with the London CIV.

RESOLVED:

The Pensions Committee and Board is requested to note the content of this report.

12. QUARTERLY INVESTMENT PERFORMANCE

Tim Mpofo presented the item. This report provided the Pensions Committee and Board (PCB) with the following updates on the Pension Fund's performance for the quarter ended 31 December 2023:

- a. Independent advisor's market commentary
- b. Investment performance
- c. Investment asset allocation
- d. London Collective Investment Vehicle (LCIV) update
- e. Funding position update

The following was noted in response to questions and comments from the Committee and Board:

Tim Mpofo confirmed that approximately 77% of assets were invested through the London CIV, with approximately 20% invested in funds managed directly by the pooling company. It was further explained that even though the London CIV did not have direct management of the Fund's passive investment portfolio, there was a monitoring arrangement in place, which was why those assets were considered pooled. It was further noted that the Committee and Board's recent decision to allocate to the London CIV Buy and Maintain Fund would result in an increase to the allocation of assets directly managed by the London CIV.

In response to further questions from the Committee and Board regarding the pooling arrangements, Tim Mpofo explained that to his understanding there was an arrangement in place between Legal and General (the Fund's listed equity manager) and the London CIV, whereby the London CIV provided oversight of Legal and General's funds. However, London CIV was not the ultimate beneficial owner of the underlying assets.

RESOLVED:

The Pensions Committee and Board is recommended to note the information provided in section 6 of this report regarding the Fund's investment performance and activity for the quarter ended 31 December 2023.

13. FORWARD PLAN

Tim Mpofo presented the item. This paper had been prepared to identify and agree upon the key priorities for the Pensions Committee and Board (PCB) over the upcoming months, as well as seek the PCB's input into future agendas.

The following was noted in response to questions and comments from the Committee and Board:

John Raisin provided an overview of the proposed governance review including an indicative timeline for the work. The governance review would cover governance arrangements, scheme management, pensions administration, appointments of consultants, amongst other fund related matters.

Cllr Bevan raised concerns around the existing capacity within the team and its resourcing. John Raisin confirmed that resourcing issues would be part of the scope of the governance review.

In response to a question regarding the impact of the pre-election period on the ability of the Committee and Board to meet, Tim Mpofu stated that he did not believe these meetings would be affected. It was confirmed that the next Committee and Board meeting would be held in July but there would be opportunities to hold offline meetings and discussions in advance of this.

RESOLVED:

The Pensions Committee and Board is recommended:

To note the progress made towards the agreed key priorities outlined in section 6 of this report, specifically in relation to the investment strategy review, responsible investment policy and fund governance review.

To identify additional matters and training requirements for inclusion within the Pensions Committee and Board's forward plan.

14. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

15. DATES OF FUTURE MEETINGS

The date of the next meeting was TBC.

16. EXCLUSION OF THE PRESS AND PUBLIC

Items 17-19 are likely to be subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); para 3 – namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and para 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

17. EXEMPT - QUARTERLY INVESTMENT PERFORMANCE

The exempt information was considered.

18. EXEMPT MINUTES

RESOLVED.

The exempt minutes were approved.

19. NEW ITEMS OF EXEMPT URGENT BUSINESS

CHAIR: Councillor Ahmed Mahbub

Signed by Chair

Date