



Haringey Pension Fund Annual Report

For the year ended 31 March 2022

Haringey
LONDON

Contents

Introduction and overview	1
About the Local Government Pension Scheme (LGPS)	1
Governance Arrangements	2
Service Delivery	3
Risk Management	4
Fund Membership	5
Financial Performance	6
Investments	8
Investment Strategy	8
Asset Allocation	8
Investment Performance	10
Asset Pooling	11
Responsible Investment	12
Scheme Administration	13
Administration Service Delivery	13
Communications Policy	13
Internal Dispute Resolution Procedure (IDRP)	13
Administration Management Performance	14
Actuary's Report	15
Funding Position	15
Statement of Fund Actuary	15
Financial Statements	18
Statement of Responsibilities for the Statement of Accounts	18
Pension Fund Accounts	19
Notes to the Pension Fund Accounts	20
Independent Auditor's Report	45

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 a 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 Pensions Committee and Board during 2021/22 are shown below.

Member	Member Representation	Meeting Attendance
Cllr Yvonne Say (Chair)	Elected member	3/4
Cllr Eldridge Culverwell (Vice Chair)	Elected member	3/4
Cllr Patrick Berryman	Elected member	1/4
Cllr Dana Carlin	Elected member	3/3
Cllr Paul Dennison	Elected member	3/4
Cllr Viv Ross	Elected member	4/4
Keith Brown	Employer representative	3/4
Craig Pattinson	Employer representative	2/4
Ishmael Owarish	Employee representative	2/4
Randy Plowright	Employee representative	2/4

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

Governance Compliance Statement

The LGPS Regulation 2013 require the Pension Funds to prepare, publish and maintain a governance compliance statement, and to asset 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, who provide the pensions service on behalf of the Council.

The service is responsible for the accounting, investment management and pensions administration activity for the Fund. In addition to this, the pension service is supported by other services from across the Council which include legal, human resources, procurement, and democratic services.

The key responsibilities for the Investments and Accounting team include:

- Supporting the Pensions Committee and Board when setting the investment strategy and 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	Thomas Skeen*
Head of Legal & Governance	Fiona Alderman
Head of Pensions & Treasury	Tim Mpofo

* Thomas Skeen left his role in August 2022

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 provides a list of the Fund's appointed advisors.

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

Investment Managers

The Fund has appointed several external investment managers to undertake the day-to-day management of the Fund's investment portfolio. Each investment manager is appointed with a mandate to covering a defined 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
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 provides a list of these other services 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	Heywood
Software Provider	
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 which is reviewed quarterly and discussed at the Pensions Committee and Board's meetings.

The risk register identifies the key risks impacting the Fund and outlines the planned actions to mitigate and 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 regularly reviewed.

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 with the next audit due in 2022/23.

Investment risks

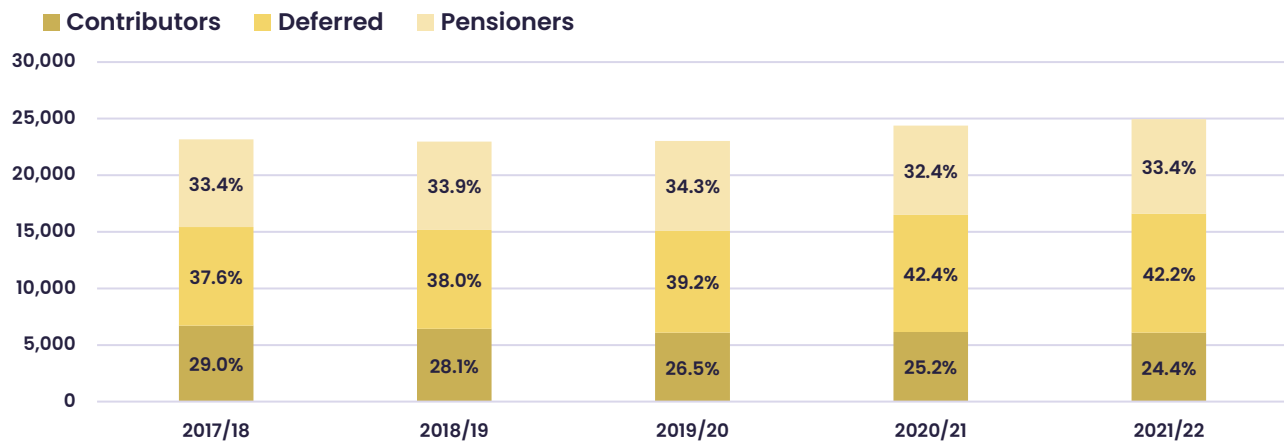
Further details of the Fund's policy regarding investment risk management are outlined in the Fund's Investment Strategy Statement (ISS).

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 2022, the Fund had approximately 25,000 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 **6,096** active contributors at 31 March 2022.
- **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 **10,524** deferred members at 31 March 2022.
- **Pensioners** are individuals who have already reached retirement age and are receiving their pension benefits, paid out by the Fund. There were **8,332** pensioner members at 31 March 2022.

Financial Performance

The Fund's net asset value increased by over £170m during the financial year. This was largely due to strong performance across the board, as most of the investment managers outperformed their benchmark during this period.

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

	2019/20	2020/21	2021/22
Net Asset Statement	£m	£m	£m
Pooled investment vehicles	1,311	1,616	1,758
Cash and other balances	15	22	45
Total net assets	1,326	1,638	1,803

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

	2019/20	2020/21	2021/22
Fund Account	£000	£000	£000
Fund value at start of the year	1,382,767	1,326,583	1,638,253
Contributions received	46,945	47,954	49,872
Benefits paid	(51,457)	(51,291)	(54,106)
Net transfers	233	(2,635)	458
Net investment income	4,406	6,845	7,663
Net Revenue	127	873	3,887
Change in market value	(56,311)	310,797	161,189
Net increase (decrease)	(56,184)	311,670	165,076
Fund value at end of the year	1,326,583	1,638,263	1,803,329

The Fund's contributions received have increased over the past three years in line with the agreed employer contribution rates and the expected numbers of active employees participating in the scheme. The amount of benefits paid to pensioners is uplifted each year 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 £4.4m in 2019/20 to £7.7m in 2021/22. This was largely due to changes made in the Fund's asset allocation to invest into more income generating assets such as Multi Asset Credit and Property. The Fund uses the income generated from these investment 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.

	2019/20	2020/21	2021/22
Adminstration and Governance Costs	£000	£000	£000
Adminstration			
Employee related costs	641	656	819
Administration software	216	214	195
Ill health liability insurance	(169)	(513)	421
Other administration costs	106	111	198
Total administration expenses	794	468	1,633
Oversight and governance			
London CIV pooling costs	131	155	123
Actuarial fees	114	95	106
Investment consultancy and advice	69	140	71
Audit fees	14	16	14
Other governance costs	38	18	18
Total oversight and governance expenses	366	424	332
Total adminstration and governance costs	1,160	892	1,965

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, with the advice of the Fund's advisers.

The table below shows the Fund's strategic asset allocation as at 31 March 2022.

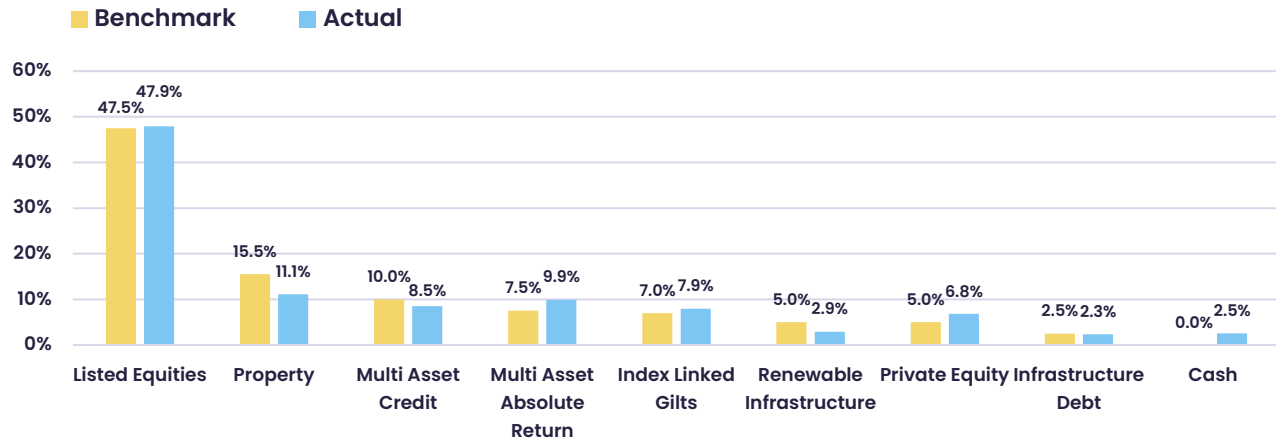
Asset Class	Target Allocation %
Listed Equities	47.5%
Property	15.5%
Multi Asset Credit	10.0%
Multi Asset – Absolute Return	7.5%
Index Linked Gilts	7.0%
Renewable Infrastructure	5.0%
Private Equity	5.0%
Infrastructure Debt	2.5%
Total	100.0%

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 76% 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 2022.

Asset allocation as at 31 March 2022

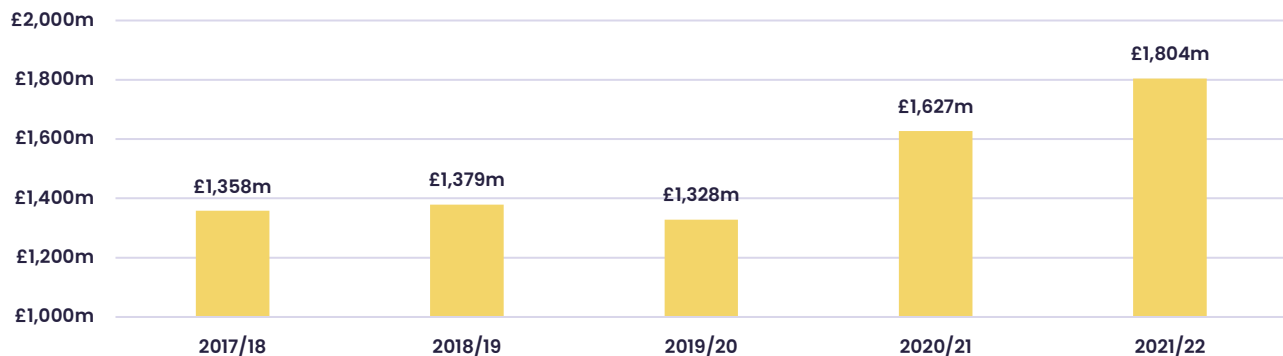


Several of the Fund's investment strategies are funded over several years. This can result in a wider variance between the benchmark strategic asset allocation and the actual asset allocation. This is particularly the case for the Renewable Infrastructure mandate that the Pension Fund committed an additional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

Fund value

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

Fund assets



Since 1 April 2018, the Fund's assets have increased by 32.8%. 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

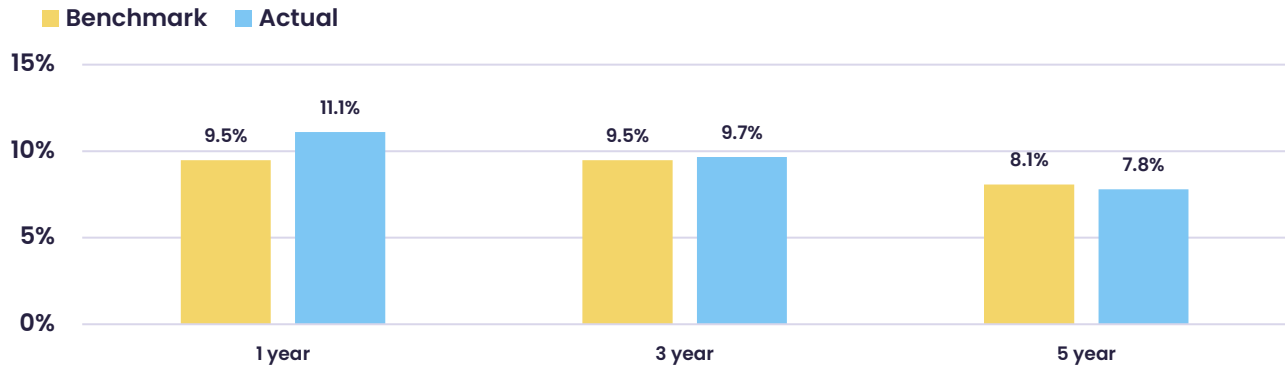
The Fund's investment assets are invested to meet the Fund's liabilities over the medium to long term, and therefore its performance is assessed over the corresponding periods. Annual investment performance can be volatile and does not necessarily indicate the underlying long-term sustainability of the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

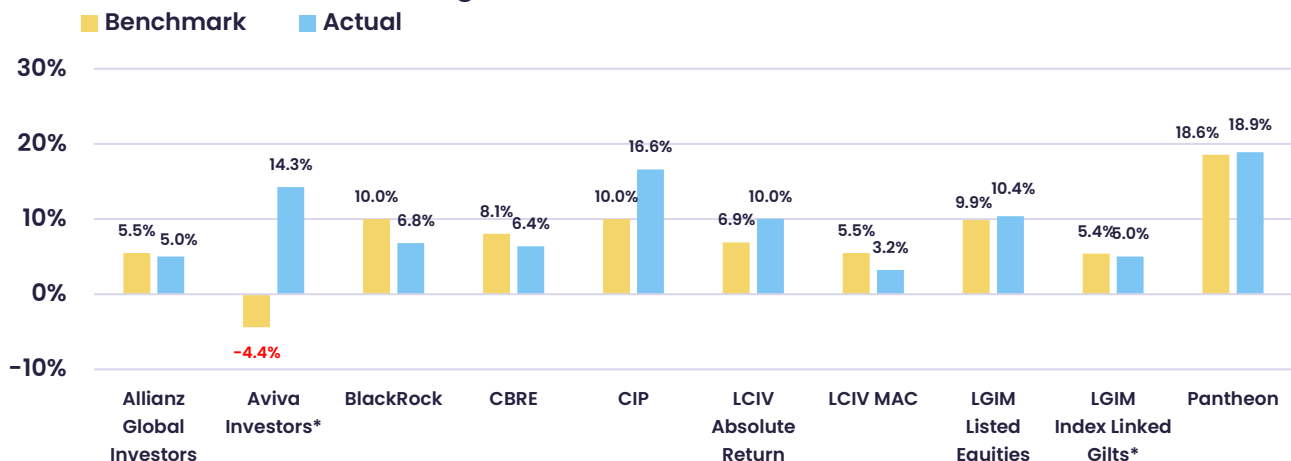
Annualised Fund Investment Performance



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



Investment management performance for Aviva Investors and LGIM – Index Linked Gilts have been measured on an annual basis due to the Fund being invested in those mandates for less than three years. 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 partially funded 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 £26.6bn of assets under management, including £13.9bn under direct management.

The Fund has transitioned assets into the London CIV with a value of £1.363bn or 76% of assets as at 31 March 2022. 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	864
LCIV Absolute Return Fund	Multi Asset	179
LCIV MAC Multi Asset Credit	Multi Asset Credit	153
Legal & General Investment Management	Index Linked Gilts	143
LCIV Renewable Infrastructure	Renewable Infrastructure	18
London Fund	Property/infrastructure	6
Total		1,363

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 2021/22 was £85k.

The Fund estimates that asset pooling has generated net savings in 2021/22, 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 it is consistent with its fiduciary duty to manage Environmental, Social and Governance (ESG) risks that may have a financially material impact on future investment returns. In so doing, the Fund expects that those who have been given the responsibility for managing its investment must demonstrate their ability to successfully integrate ESG factors are part of their investment decision making process.

As part of its commitment to being a responsible investor, the Fund take an engagement approach with aims to engage with and encourage companies to take positive action on social, environmental and governance issues, rather than divesting from any specific companies. Engagement has been shown to achieve 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, which engages directly with companies on behalf of its member funds. LAPFF often issues voting recommendations to investment managers and 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, and was one of the first London Borough pension funds to include an allocation to renewable energy infrastructure as part of its strategic asset allocation. The allocation to renewable energy infrastructure was increased by an additional £65m in 2021.

In addition to this, the Fund completed its switch to the RAFI Multifactor Climate Transition Fund, which aims to reduce the Fund's carbon intensity by 7% annually in line with the Paris Agreement. This decision means that all of the Fund's listed equity investments are now invested in low carbon index funds.

The Fund remains committed to identifying and pursuing investment opportunities where the Fund's investment objectives are aligned with investments in sustainable alternative 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 86 Administering Authorities.

Haringey Council is the Administering Authority for the Haringey Pension scheme. It therefore has responsibility for operating the Fund's Pension Administration service. The service is responsible for the interpretation and implementation of the LGPS regulations and related legislation for the administration of the scheme. This includes maintaining a database of scheme members which include their employment service details. The Pensions Administration service is also responsible for calculating and processing pension benefit payments.

Communications Policy

Effective communication between the Administering Authority, the scheme members, and the employers participating in the pension fund is essential to proper management and administration of the scheme.

The LGPS Regulations 2013 require pension funds to prepare, publish and maintain a communication policy statement. The Fund's current communication policy, which has been prepared in accordance with the LGPS regulatory requirements is available on Haringey Pension Fund's website.

The policy sets out the policy framework which identifies the format, frequency, and method of distributing information and publicity. It also outlines the processes for promoting the scheme to prospective members and scheme employers.

The 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	Number processed
Processing of new joiners	858
Calculation of retirement estimates	519
Processing of retirement benefits	357
Calculation on notification of deferred benefits	354
Calculation and processing of transfer values	279
Processing of refunds	119

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	2019/20	2020/21	2021/22
Administration costs per member	£35.45	£35.45	£40.64
Adminstration FTEs	7.6	7.6	9.0
LGPS members per FTE staff	3,023	3,209	2,772

The adminstration costs included in the analysis above include staffing costs and administration contract costs. Following the retirement of a few of staff in the pensions adminstration team, a restructure was undertaken to which led to an increase in FTEs in the team.

Actuary's Report

Funding Position

The last full triennial valuation of the Haringey Pension Fund ("the Fund") was carried out as at 31 March 2019 as required under regulation 62 of the Local Government Pension Scheme regulations 2013 in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 25 February 2020.

At 31 March 2019, the value of the assets for valuation purposes was £1,384m which was 100% of the liabilities on an ongoing basis. This was an increase in funding level from 79% at the previous valuation, carried out as at 31 March 2016.

Statement of Fund Actuary

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2021/22 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 2022	31 March 2021
	£m	£m
Active members	915	901
Pensioner members	629	674
Deferred members	716	771
Total (£m)	2,260	2,346

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. 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 2022 and 31 March 2021. I estimate that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £164m. I estimate that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £11m.

	31 March 2022	31 March 2021
Pension Increase Rate	3.20%	2.85%
Salary Increase Rate	4.20%	3.85%
Discount Rate	2.70%	2.00%

Longevity assumptions

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	21.5 years	24.0 years
Future pensions (assumed to be aged 45 at the latest formal valuation)	22.9 years	25.8 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 2022	Approximate % increase to liabilities	Approximate monetary amount £m
0.1% p.a. decrease in the Discount Rate	2%	42
1 year increase in member Life Expectancy	4%	90
0.1% p.a. decrease in the Salary Increase Rate	0%	3
0.1% p.a. decrease in the Real Discount Rate	2%	39

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2022 for accounting purposes'. The covering report 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 2022.

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 2022.

Jon Warlow, CPFA
Director of Finance (S151 Officer)

Pension Fund Accounts

Fund Account for the year ended 31 March 2022

2021/22 £000		Notes	2020/21 £000
	Dealings with members, employers and others directly involved in the Fund		
49,872	Contributions	7	47,954
6,593	Transfers in from other pension funds	8	5,731
56,465			53,685
(54,106)	Benefits	9	(51,291)
(6,136)	Payments to and on account of leavers	10	(8,366)
(60,242)			(59,657)
(3,776)	Net withdrawals from dealings with members		(5,972)
(9,559)	Management expenses	11	(5,812)
(13,335)	Net withdrawals including fund management expenses		(11,784)
	Returns on Investments:		
17,256	Investment Income	12	12,687
(34)	Taxes on income	13	(30)
161,189	Profit and losses on disposal of investments and changes in market value of investments	14	310,797
178,411	Net return on investments		323,454
165,076	Net increase/(decrease) in the net assets available for benefits during the year		311,670
1,638,253	Opening net assets of the scheme		1,326,583
1,803,329	Closing net assets of the scheme		1,638,253

Net Asset Statement for the year ended 31 March 2022

2021/22 £000		Note	2020/21 £000
1,758,154	Investment assets	14	1,616,242
45,927	Cash deposits	14	22,209
1,803,931	Net Investment Assets		1,638,300
1,779	Current assets	20	1,957
(2,531)	Current liabilities	21	(2,155)
1,803,329	Net assets available to fund benefits at the period end		1,638,253

Notes to the Pension Fund Accounts

1. Description of the Fund

Introduction

Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Haringey Council. The Council is the reporting entity for the Pension Fund; however, the Pension Fund is managed separately by the Council, acting in its role as Administering Authority, and its accounts are separate from the Council's main accounts.

The financial statements have been prepared in accordance with the Public Service Pensions Act 2013 (as amended) and Local Government Pension Scheme Regulations and with the guidelines set out in the Code of Practice on Local Authority Accounting in the UK 2021/22, which is based on International Financial Reporting Standards (IFRS) as amended for the United Kingdom's public sector.

The Pension 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

Investment and Statement of Investment Principles

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

The Pensions Committee and Board (PCB) is responsible for setting the investment strategy with the support of independent advice from the Pension Fund's appointed advisors. The day-to-day investment decision making responsibility is delegated to the appointed investment managers.

The Pension Fund's investment strategy is set out in detail in the Investment Strategy Statement (ISS). A copy of the most recent version of the ISS is available on Haringey Pension Fund's website.

The ISS is regularly updated to reflect any changes made to investment management arrangements and reports the extent of compliance with the Myners principles of investment. All investments are externally managed, except for a small allocation of cash required for the day-to-day operations of the Pension Fund, including the payment of benefits and funding of investment transactions. This is managed internally by the Pension Fund's Investment and Accounting Team. The Pension Fund made no significant changes to its Investment Strategy in 2021/22.

Fund Administration and membership

Membership of the LGPS is voluntary and members are free to choose whether to continue participating in the scheme or to make personal arrangements outside of the scheme. The table below shows the breakdown of the Pension Fund's membership at 31 March 2022.

Haringey Pension Fund's Membership Breakdown

2021/22		2020/21
6,096	Active members	6,142
8,332	Pensioner members	7,895
10,523	Deferred members	10,353
24,952	Total members	24,390

Active members are employees who are currently contributing to the Pension Fund.

Pensioner members are individuals who have already reached retirement age and are receiving their pension benefits, paid out by the Pension Fund.

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.

Scheme Employers

Haringey Council is the Administering Authority for the Haringey Pension Fund, and the largest employer participating in Haringey LGPS. In addition, there are over 40 other organisations known as scheduled and admitted bodies participating as employers in Haringey LGPS.

Scheduled bodies are public bodies required by law to participate in the LGPS. All the scheduled bodies in Haringey LGPS are school academies.

Admitted bodies are in the LGPS either because they are responsible for services that have been outsourced or because they have sufficient links with the Council to be regarded as having a community interest. Admitted bodies require an admission agreement between the Administering Authority and the relevant bodies to enable participation in the pension scheme. Admitted bodies include voluntary, charitable, and similar entities and private contractors undertaking a local authority function following a specific business transfer to the private sector.

Description of Haringey Pension Fund

Haringey Pension Fund is a defined benefit pension scheme and was established on 1st April 1965 to provide retirement pensions, lump sum allowances, survivor dependants' and death benefits to all eligible employees of Haringey Council. The table below details 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

In addition to the benefits above, members can exchange part of the annual pension benefit for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There is a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Haringey Pension Fund website: www.haringeypensionfund.co.uk.

2. Basis of preparation

Haringey Pension Fund's Statement of Accounts summarises the Pension Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which is based upon International Financial Reporting Standards (IFRS), as amended for the United Kingdom's public sector.

The accounts do not take account of the obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis disclosed in note 19 to these accounts.

3. Significant accounting policies

The principal accounting policies of the Pension Fund are set on the following page.

Contributions

Employer and employee contributions are included on an accrual's basis relating to wages and salaries payable for the financial year. Employers' capital cost payments are also accounted for on an accrual's basis relating to the period in which the liability arises.

Employer deficit funding contributions are accounted for on the basis advised by the pension fund's actuary, Hymans Robertson, in the rates and adjustment certificate issued to each employer body participating in the scheme. Additional employer contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits

Benefits are shown on an accrual's basis relating to the date on which they become payable.

Transfers in and out

Transfers in and out are accounted for on a cash basis whenever the transfer value is paid or received.

Investment income

Interest on cash and short-term deposits is accounted for on an accrual's basis. Distributions from equity and bond pooled funds are recognised on the date of payment. Distributions from property unit trusts are shown on an accrual's basis by reference to the ex-dividend date. Income retained within pooled investment funds is accounted for as part of the change in the market value of investments posted to the Fund Account. Interest is recognised on an effective interest rate basis.

Management expenses

Administrative, governance and oversight expenses are shown on an accrual's basis. A proportion of relevant Council officers' time, including related on-costs, has been charged to the Pension Fund based on actual time spent on scheme administration and investment related matters. Up front charges paid to HMRC in respect of scheme members breaching the pensions Lifetime Allowance are disclosed under administrative expenses.

Investment management fees are based on the agreed terms set out in the relevant Investment Management Agreements upon the appointment of each investment manager. Where investment managers invest in in-house investment vehicles, e.g., unit trusts where management fees are covered in the price of the units, the market value of such holdings are deducted from the portfolio value before calculating chargeable fees. All the investment management expenses are shown on an accrual's basis.

Taxes

The Pension Fund is exempt from UK income tax on interest received and capital gains tax on the proceeds of investments sold. Income received from overseas investments may be subject to withholding tax in the country of origin unless an exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

Financial assets and liabilities

Financial assets and liabilities are included in the Net Asset Statement and carried at fair value or amortised cost on the reporting date. A financial asset or liability is recognised in the Net Asset Statement on the date the fund became party to the contractual acquisition of the asset or party to the liability. From this date any gains or losses from changes in the fair value of the asset or liability are recognised by the Pension Fund. Investment assets are included at fair value in accordance with IFRS 13. See Note 15 for further detail including the valuation methodology for different investments.

The value of these holdings is based on the Pension Fund's share of net assets in the private equity fund or limited partnership using the latest financial statements published by the respective investment managers, adjusted for drawdowns paid and distributions received in the period from the date of the private equity financial statements to 31 March 2022. Infrastructure holdings are valued by third parties appointed by the investment manager using mark to market modelling.

The valuation of securities denominated in overseas currencies is calculated by using the overseas bid or mid-price current at the year-end date and the exchange rate for the appropriate currency at the year-end to express the value as a sterling equivalent.

Foreign currency transaction

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, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Foreign currency transaction

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in a three-month period or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value. These are used in the day-to-day cash management of the Pension Fund.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the pension fund's actuary and a roll forward approximation is applied in the intervening years. This is done in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26 and CIPFA guidance, the Pension Fund has opted to disclose the actuarial present value of promised retirement benefits as an annex to the financial statements. However, a summary of this is also included as Note 19 in these accounts.

Additional Voluntary Contributions ("AVCs")

Members participating in the pension scheme can make Additional Voluntary Contributions in addition to their normal contributions. The related assets are invested separately from the main pension fund, and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed within transfers-in.

Further details about the AVC arrangements are disclosed in Note 22 to the financial statements.

4. Critical judgements in applying accounting policies

The pension fund's liability is recalculated every three years by the pension fund's actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18. These actuarial revaluations are used to set future contribution rates and underpin the Pension Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

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

The table below provides a summary.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present Value of promised retirement benefits	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,	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>For instance:</p> <ul style="list-style-type: none"> 0.1% p.a. decrease in the Discount Rate

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>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>would result in an increase in the pension liability of £42m (2%)</p> <ul style="list-style-type: none"> • 0.1% increase in assumed salary earnings would increase the value of the liabilities by approximately £3m (0%) • 0.5% increase in assumed Pension Increase Rate (CPI) would increase the value of liabilities by approximately £39m (2%) • 1 year increase in member life expectancy would increase the value of liabilities by approximately £90m (4%)
Infrastructure	<p>The fair value of infrastructure investments is based on forward-looking estimates and judgments involving many factors.</p> <p>Several of the underlying assets are traded in private markets only and therefore judgement need to be made about their value, using factors such as the enterprise value and net debt.</p>	<p>Further detail is shown in note 15 regarding the sensitivity of this valuation.</p>
Pooled Property	<p>Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based</p>	<p>Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	on observable data but where this is not possible management uses the best available data.	the fair value of property-based investments by up to 10% i.e., an increase or decrease of £20m, on carrying values of £200m
Private Equity	The fair value of private equity investments is based on forward-looking estimates and judgments involving many factors.	Further detail is shown in note 15 regarding the sensitivity of this valuation.

6. Events after the reporting date

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

7. Contributions receivable

2021/22 £000	By category	2020/21 £000
11,529	Employee contributions	10,807
26,675	Normal employer contributions	28,344
7,959	Deficit recovery contributions	7,857
709	Augmentation contributions	946
38,343	Total employers' contributions	37,147
49,872	Total contributions receivable	47,954

2021/22 £000	By employer	2020/21 £000
38,774	Administering authority	37,603
10,007	Scheduled bodies	9,325
1,091	Admitted bodies	1,027
49,872	Total contributions receivable	47,954

8. Transfers in from other pension funds

During 2021/22, there were transfers into the Pension Fund of £6,593 million (£5.731 million in 2020/21). All these transfers were related to individuals transferring in their benefits from other LGPS schemes.

9. Benefits payable

2021/22 £000	By category	2020/21 £000
44,433	Pension benefits	43,198
8,143	Commutation and lump sum payments benefits	7,110
1,530	Lump sum death benefits	983
54,106	Total benefits payable	51,291

2021/22 £000	By employer	2020/21 £000
48,385	Administering authority	46,235
4,226	Scheduled bodies	3,708
1,495	Admitted bodies	1,348
54,106	Total benefits payable	51,291

10. Payments to and on account of leavers

2021/22 £000		2020/21 £000
5,927	Individual transfers	8,251
209	Refunds to members leaving service	115
54,106	Total payments to and on account of leavers	51,291

11. Management expenses

2021/22 £000	By management expense	2020/21 £000
7,621	Investment management expenses	4,919
1,633	Administrative costs	468
305	Oversight and governance costs	425
9,559	Total management expenses	5,812

2021/22 £000	Breakdown of investment management expenses	2020/21 £000
5,701	Management fees	3,925
1,113	Performance related fees	262

Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
	750	Transaction fees		675	
	57	Custody fees		57	
	7,621	Total investment management expenses		4,919	

12. Investment income

2021/22 £000		2020/21 £000
17,254	Income from pooled investments	12,679
2	Interest on cash deposits	8
17,256	Total investment income	12,687

13. Taxes on income

All taxes on income shown in the Fund Account relate to withholding tax on investments held in foreign jurisdictions.

14. Investments

Reconciliation of movements in investment assets and liabilities

The changes in market value during the year comprise of all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

	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

	Value at 31 March 2020	Purchases at cost	Sales proceeds	Changes in market value	Value at 31 March 2021
Pooled investment vehicles	1,311,150	91,148	(97,181)	311,387	1,616,504
Cash deposits	17,314	76,308	(70,833)	(580)	22,209
Other investment assets/liabilities	48	39	(490)	(10)	(413)
Total	1,328,511	167,496	(168,505)	310,797	1,638,300

Analysis of Investments

2021/22 £000	By category	2020/21 £000
150	Unquoted UK equities	150

Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
	Pooled investment vehicles UK (quoted)				
200,002	Unit Trust – Property			166,964	
143,026	Unit Trust – Fixed Income			136,132	
42,288	Infrastructure Debt			45,525	
385,316	Total pooled investment vehicles UK			348,621	
	Pooled investment vehicles overseas (quoted)				
178,788	Absolute Return Fund			127,845	
864,484	Unit Trust – Equity			840,566	
153,361	Multi Asset Credit			155,411	
1,196,633	Total pooled investments vehicles overseas			1,123,822	
	Pooled investment vehicles overseas (unquoted)				
123,094	Private Equity			100,279	
52,961	Infrastructure			43,370	
385,316	Total pooled investments vehicles overseas			348,621	
	Cash deposits				
26,058	Sterling			12,748	
19,869	Foreign currencies			9,461	
45,927	Total cash deposits			22,209	
1,804,081	Total investments			1,638,451	

Analysis of Investments (continued)

2021/22 £000	%	By investment manager	2020/21 £000	%
1,007,510	55.9	Legal & General	976,698	59.6
178,788	9.9	LCIV Absolute Return	127,845	7.8
153,361	8.5	LCIV Multi-Asset Credit	155,411	9.5
123,094	6.8	Pantheon	100,278	6.1
113,770	6.3	CBRE Global Investors	93,907	5.7
80,632	4.5	Aviva Investors	73,058	4.5
42,288	2.3	Allianz Global Investors	45,525	2.8
20,017	1.1	BlackRock	26,718	1.6
17,983	1.0	LCIV Renewable Infrastructure	-	0.0
14,961	0.8	CIP	16,652	1.0
5,600	0.3	London Fund	-	0.0
45,927	2.5	In house cash deposits	22,209	1.4
1,803,931	100.0	Total investments	1,638,301	100

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

2021/22 £000	%	Name of holding	2020/21 £000	%
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Introduction and overview	Investments	Scheme Administration	Actuary's Report	Financial Statements	Independent Auditor's Report
	368,021	20.4	MSCI Low Carbon Index	355,008	21.7
	372,312	20.6	RAFI Multi Factor Climate Transition	362,429	22.1
	178,788	9.9	LCIV Absolute Return	127,845	7.8
	153,361	8.5	LCIV Multi-Asset Credit	155,411	9.5
	143,026	7.9	Index Linked Gilts	136,132	8.3
	178,788	9.9	Low Carbon Emerging Equities	123,128	7.5
	123,094	6.8	Pantheon	100,278	6.1
	113,770	6.3	CBRE Global Investors	93,907	5.7

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.

15. Fair value hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine their fair values. Transfers between levels are recognised in the year in which they occur. Criteria utilised in the instrument classifications are detailed below.

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 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.

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled equities and index funds	Level 2	Published bid market price at end of the accounting period.	NAV per share	Not required
Pooled multi asset credit fund	Level 2	Published bid market price at end of the accounting period.	NAV per share	Not required
Pooled multi asset fund	Level 2	Published bid market price at end of the accounting period.	NAV per share	Not required
Infrastructure debt	Level 2	Most recent valuation.	Published NAV, cashflow transactions i.e., distributions or capital calls.	Not required
Pooled UK property unit trusts	Level 3	<p>Most recent published NAV updated for cashflow transactions to the end of the accounting period.</p> <p>Valuation techniques are used to determine the carrying amount of the pooled property fund.</p>	<p>Published NAV, cashflow transactions i.e., distributions or capital calls.</p> <p>Valuations are generally based on observable data, but where this is not possible, management uses the best available data.</p>	Valuations of underlying property assets.
Private Equity Infrastructure Equity	Level 3	<p>Most recent valuations updated for cashflow transactions and foreign exchange movements to the end of the accounting period.</p> <p>The market approach may be used in some</p>	<p>Cashflow transactions i.e., distributions or capital calls, foreign exchange movements.</p> <p>Audited financial statements for underlying</p>	Valuations of underlying assets.

Description of asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
		circumstances for the valuation of the underlying assets by the investment manager.	assets, which may include market approach valuations: taking into account actual observed transactions for the underlying assets or similar assets to help value the assets of each partnership.	

Sensitivity of assets valued at Level 3

Having analysed historical data, current market trends and information received regarding the valuation techniques of the investment managers, the Pension Fund has determined that the valuation methods described in above are likely to be accurate within the following ranges, and has set out below the consequent potential impact of the closing value of investments held at 31 March 2022.

Asset	Assessed Valuation Range +/-	Valuation at 31/03/2022 £000	Value on Increase £000	Value on Decrease £000
Pooled UK property unit trusts	2%	200,002	204,002	196,002
Private Equity	5%	123,094	129,249	116,939
Infrastructure	5%	52,961	55,609	50,313
		376,057	388,860	363,254

The following tables provide an analysis of the Pension Fund's financial assets and liabilities grouped into levels 1 to 3, based on the level at which the fair value is observable. The figures below do not include the cash holdings of the Pension Fund.

	Quoted Market Price Level 1 £000	Using Observable Inputs £000	With significant unobservable inputs £000	Total £000
Values as at 31/03/2022				
Financial assets / liabilities at fair value through profit and loss	(616)	1,382,566	376,057	1,758,007
	(616)	1,382,566	376,056	1,758,007

	Quoted Market Price Level 1 £000	Using Observable Inputs £000	With significant unobservable inputs £000	Total £000
Values as at 31/03/2021				
Financial assets / liabilities at fair value through profit and loss	(413)	1,305,892	299,372	1,604,851
	(413)	1,305,892	299,372	1,604,851

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 2021 £000	Purchases at cost £000	Sales proceeds £000	Changes in market value £000	Value at 31 March 2022 £000
Pooled UK property unit trusts	166,964	11,865	(4,779)	25,952	200,002
Private Equity	100,279	17,900	(20,195)	25,110	123,094
Infrastructure	43,370	23,315	(17,266)	3,542	52,961
Total	310,613	53,080	(42,240)	54,604	376,057

16. Financial instruments

Most of the Pension Fund's financial assets and liabilities are classified as "fair value through profit and loss". This means that the assets can be exchanged between parties at a market price. The accounting policies in Note 3 describe how fair value is measured. Assets which have fixed payments and are not quoted in an actively tradeable market are classified as "financial assets at amortised cost". The only financial assets under this classification for the Pension Fund are cash deposits and debtors. Creditors to the Pension Fund are classified as financial liabilities at amortised cost because they are not held for trading.

2021/22 £000	Name of holding	2020/21 £000
	Long term investments	
150	London CIV	150
150		150
	Financial assets or liabilities at fair value through profit or loss	
1,758,620	Pooled investment vehicles	45,525
(616)	Other investment balances	(413)
1,758,004		1,616,093
	Financial assets at amortised cost	
45,927	Cash deposits	22,209
1,779	Debtors	1,957
47,706		24,166
	Financial liabilities at amortised cost	
(2,531)	Creditors	(2,155)
(2,531)		(2,155)
1,803,329	Net assets	1,638,253

The carrying values shown above are the same as the fair value for each line.

Net gains and losses on financial instruments

2021/22 £000	Financial Assets	2020/21 £000
160,885	Fair value through profit or loss	311,387
304	Financial assets and liabilities at amortised cost	(590)
161,189	Net assets	310,797

The Pension Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

17. Nature and extent of risks arising from Financial Instruments

The Pension Fund's investment objective is to achieve a return on fund assets, which is sufficient, over the long term, to fully meet the cost of pension benefits; and to ensure stability of employer contribution rates. Achieving the investment objectives requires a significant allocation to growth assets to meet to scheme's funding requirement. However, this may result in higher volatility of future funding levels, and therefore future contribution rates.

a) Management of risk

The Pension Fund is invested in a diverse range of assets across various sectors and jurisdictions. These include listed equities, fixed income, property, private equity, infrastructure, and cash. This is in accordance with the Local Government Pension Scheme (LGPS) Management and Investment of Funds Regulations 2016, which require LGPS pension funds to invest any monies not

immediately required to pay benefits. These regulations require LGPS pension funds to formulate an Investment Strategy Statement (ISS) which sets out each individual pension fund's approach to investment including the management of risk. A copy of the most recent version of the ISS is available on Haringey Pension Fund's website.

The majority of the Pension Fund's assets are managed by external investment managers who have a requirement to provide audited internal controls reports regularly to the Council. These reports set out how the individual investment managers ensure that the Pension Fund's assets are safeguarded against loss and misstatement.

The Pension Fund has a strategic asset allocation of 54.5% to globally listed equities and index linked portfolios held within pooled investment vehicles. These investments aim to track their relevant benchmarks in a manner that minimises the volatility of returns compared with market indices, thereby minimising investment costs whilst meeting the Pension Fund's governance requirements.

b) Market price risk

The key risk for the Pension Fund is market risk – which is the risk that the values of the investments fluctuate due to changes in market prices. Most of the Pension Fund's assets are invested in pooled investment vehicles with underlying assets which can fluctuate daily as market prices change e.g., equities and bonds. To demonstrate the impact of this volatility, the table in the next column shows the impact of potential price changes based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years.

As at 31 March 2022	Value £000	Change %	Value on Increase £000	Value on Decrease £000
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

As at 31 March 2022	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas equities	840,566	26.4	1,062,056	619,076
Fixed Income	291,543	12.2	327,036	256,050
Property	166,964	4.1	173,852	160,076
Alternatives	317,019	10.3	349,800	284,238
Cash	22,209	0	22,209	22,209
Total	1,638,301		1,934,953	1,341,649

Several controls have been put in place to minimise this risk. A key method to reduce risk is to diversify the Pension Fund's investments. This is achieved through the setting of a benchmark,

which incorporates a wide range of asset classes in various geographical areas. The Pension Fund has appointed over 10 investment managers to manage investment across the various mandates. This approach provides further diversification which lowers the overall market risk of the Pension Fund's investment portfolio.

In addition to diversification, investment constraints have been set for the individual investment managers to work within to ensure that the risk of volatility and deviation from the benchmark are within controlled levels.

Investment values and performance of the investment managers is monitored on a quarterly basis and reported to the Pensions Committee and Board

c) Exchange rate risk

The Pension Fund holds investment assets which are denominated in currencies other than sterling. These investment assets were approximately 45% (£828m) of the Pension Fund's investment portfolio as at 31 March 2022. This included investments in overseas listed equities, multi-sector credit, private equity, and cash. Approximately 40% of foreign currency exposures in the listed equities asset class are hedged via the purchase of units in hedged versions of the relevant index tracking funds. The main non-sterling currency exposures at 31st March 2022 was the US dollar. Other major exposures were the Euro, other European, Asian, and emerging market country currencies.

There is a risk that due to exchange rate movements the GBP equivalent value of investments may decline and impact on overall investment portfolio performance. The tables below demonstrate the potential value of the Pension Fund's investments based on positive or adverse currency movements by 10%.

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

As at 31 March 2021	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas equities	840,566	10.0	924,623	756,509
Fixed Income	155,411	10.0	170,952	139,870
Private Equity	100,279	10.0	110,307	90,251
Infrastructure	43,370	10.0	47,707	39,033
Cash	12,748	10.0	14,023	11,473
Total	1,152,374	10.0	1,267,611	1,037,137

Cash balances internally managed are only denominated in GBP.

d) Interest rate risk

Movements in interest rates have an impact on the income earned by the Pension Fund and the value of net assets. To demonstrate this risk, the table below shows the impact on income earned of a 1% increase and decrease in interest rates.

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)

As at 31 March 2021	Interest earned £000	Interest rate if 1% higher	Interest rate if 1% lower
Cash	8	26	(10)
Total	8	26	(10)

e) Credit risk and counterparty risk

Credit risk is the risk a counterparty fails to fulfil a transaction it has contractually committed to entering. This risk is particularly relevant to the Council's non-sovereign bonds (including those held in pooled investment vehicles) and cash investments.

The Council has signed Investment Management Agreements with the external investment managers which set out limits on the types of bonds investment managers can purchase on behalf of the Pension Fund to limit the possibility of default. The table in the next column shows the split of the fixed income investments by credit rating at 31 March 2022 and 31 March 2021. A significant amount of bonds held by the Pension Fund are UK Government index linked gilts, with the balance being global corporate bonds managed by two external investment managers. The UK Government had an AA credit rating at 31 March 2022.

As at 31 March 2022	Market value £000	AA	A	BBB	Below BBB
Bond exposure in pooled investment vehicles	296,387	48	3	2	47
Total	296,387	48	3	2	47

As at 31 March 2021	Market value £000	AA	A	BBB	Below BBB
Bond exposure in pooled investment vehicles	291,543	47	4	4	45
Total	296,387	48	3	2	47

The cash that the Council manages internally on behalf of the Pension Fund is invested in line with the Council's Treasury Management Strategy, which sets out the limits on the counterparties which can be used and the amounts that can be invested with them. The amount of cash held by investment managers is kept to a minimum and is invested in the custodian bank's AAAM rated money market fund when held for an extended period of time. The table on the following page details the credit ratings of the institutions the cash was held with at 31 March 2022.

2021/22 Exposure £000	Credit Rating	Name of holding	2020/21 Exposure £000	Credit Rating
39,704	AAAm	Northern Trust	18,287	AA-
6,215	A+	Barclays Bank	7	A
8	AAAm	Money Market Funds	3,915	AAAm
45,927		Total cash	22,210	

Cash limits are kept under constant review to be able to respond quickly to changes in the creditworthiness of counterparties which may increase risk.

f) Liquidity risk

Liquidity risk is the risk that monies are not available to meet the Pension Fund's obligation to pay pension benefits on time or fund investments when capital is called by underlying investment manager. Maintaining a level of internally managed cash balances enables the Pension Fund to ensure liquidity is not a concern. All of the internally managed cash held on 31st March 2022 was in money market funds and bank accounts with the main bank or custodian, ensuring cash is available as required. Monitoring of the cashflow position daily assists with maintaining this position.

Most the Council's noncash investments are in pooled investment vehicles whose underlying holdings are listed equities or fixed income instruments. These investment vehicles have regular (at least monthly) trading dates, which ensure it is possible to realise the investments easily if required.

18. Funding arrangements

In line with the Local Government Pension Scheme (LGPS) Regulations 2013, the Pension Fund's actuary undertakes an actuarial valuation every three years for the purpose of setting employer contribution rates for the next three years. The last such valuation took place as at 31 March 2019. Based on the current regulations, the next valuation will take place as at 31 March 2022, (this valuation will be finalised prior to 31 March 2023).

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 market value of the Pension Fund at the last triennial valuation (31 March 2019) was £1,384 million. The Pension Fund's actuary valued the liabilities at £1,378 million. Therefore, the Pension Fund has small funding surplus equivalent to a small funding surplus of £6 million.

The movement in the actuarial deficit between 2016 and the last valuation in 2019 is analysed below:

Reason for change	£m
Employee/employer contributions	132
Benefits paid/other expenses	(6)
Membership changes	(284)
Membership experience versus expectations	18
Investment returns higher than expected	395
Change in inflation assumptions	(38)
Change in actuarial assumptions	65
Total	282

The aim is to achieve and maintain 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. 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 is less than 100% of the funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation, the pension fund was assessed as 100% funded, a considerable increase from the previous valuation result of 79% at the 31st March 2016 valuation.

Contribution increases or decreases may be phased in over the three-year period ending 31 March 2023 for scheme employers, or changes may take immediate effect from 1 April 2020. The actuary agreed that the Council's contribution rate could decrease by 1.5% over a three-year period from April 2020, from 26.4% of pensionable salaries to 24.9%. The actuary specified a minimum level of contributions in monetary terms to cover the past service deficit.

Individual employer's contribution rates will vary depending on the demographic and actuarial factors related to each employer participating in the Pension Fund. Full details of contribution rates payable can be found in the Haringey Pension Fund 2019 Actuarial Valuation Report.

The valuation of the Pension 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:

	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

19. Actuarial present value of promised retirement benefits

In addition to the triennial actuarial valuation, the Pension Fund's actuary, Hymans Robertson also undertakes a valuation of the pension fund's liabilities, on an IAS 19 basis, every year using the same base data as at the actuarial valuation rolled forward to the current financial year, taking account of changes in membership, and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting employer contribution rates and the Pension Fund's Statement of 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 from those used for funding purposes. The actuary has also valued ill health and death benefits in line with IAS 19.

2021/22 £000		2020/21 £000
(2,260,000)	Present value of promised retirement benefits	(2,346,000)
1,803,329	Fair value of scheme assets	1,638,253
(456,671)	Net Liability	(707,747)

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates. Please see Annex 1 to these accounts for more information.

20. Current assets

2021/22 £000	Debtors	2020/21 £000
155	Contributions due – employees	121
1,447	Contributions due – employers	1,698
177	Sundry debtors	138
1,779	Total current assets	1,957

An analysis of the debtors is shown in the table below.

2021/22 £000	Debtors	2020/21 £000
108	Central government bodies	73
54	Public corporations and trading funds	74
1,617	Other entities and individuals	1,810
1,779	Total current assets	1,957

21. Current liabilities

2021/22 £000	Creditors	2020/21 £000
2,155	Contributions due - employees	1,718
376	Sundry debtors	437
2,531	Total current liabilities	2,155

An analysis of the creditors is shown in the table below.

2021/22 £000	Creditors	2020/21 £000
1,028	Other local authorities	767
682	Public corporations and trading funds	538
821	Other entities and individuals	850
2,531	Total current liabilities	2,155

22. 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:

2021/22 £000	Equitable Life Assurance Society	2020/21 £000
215	Value as at 6 April	201
-	Contributions received	-
(13)	Retirement benefits and changes	(19)
9	Changes in market value	33
211	Value as at 5 April	215
211	Equitable unit linked	215
211	Total value	215
0	Number of active members	1

21	Number of members with preserved benefits	23
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2021/22 £000	Prudential Assurance	2020/21 £000
1,070	Value as at 1 April	1,123
262	Contributions received	196
(471)	Retirement benefits and changes	(221)
92	Changes in market value	73
1,053	Value as at 31 March	1,170
586	Prudential with profits cash accumulation	617
138	Prudential deposit fund	113
329	Prudential unit linked	440
1,053	Total value	1,170
67	Number of active members	75
16	Number of members with preserved benefits	18

2021/22 £000	Clerical and medical	2020/21 £000
28	Value as at 1 April	28
1	Contributions received	1
(12)	Changes in market value	(12)
17	Value as at 31 March	1,170
6	Clerical Medical with profits	6
11	Clerical Medical unit linked	11
17	Total value	17
1	Number of active members	1
2	Number of members with preserved benefits	2

23. Related party transactions

Haringey Council

In 2021/22 the Pension Fund paid £0.827m to the Council for administration and legal services (£0.679m in 2021/22). As at 31st March 2022 an amount of £0.067m was due from the Council to the Fund (£0.551m in 2021/22).

Governance

During 2021/22, none of the Council's elected members serving on the Pensions Committee and Board (PCB) were members of the Haringey Local Government Pension Scheme. Both of the employee representatives serving on the PCB were scheme members. PCB members are required to declare their interests at the beginning of each committee meeting, and as

necessary during the discussion of individual items of business if it becomes clear that a conflict of interest has arisen.

Key management personnel

During 2021/22, none of the Council's elected members serving on the Pensions Committee and Board (PCB) were members of the Haringey Local Government Pension Scheme. Both of the employee representatives serving on the PCB were scheme members. PCB members are required to declare their interests at the beginning of each committee meeting, and as necessary during the discussion of individual items of business if it becomes clear that a conflict of interest has arisen.

The key management personnel for the Pension Fund is the Section 151 Officer for Haringey Council. The Council recharges the Pension Fund for a portion of this officer's costs. The Section 151 Officer was a permanent member of staff who was a participating member in the scheme during the financial year.

2021/22 £000	Key management personnel	2020/21 £000
25	Short-term benefits	24
6	Post-employment benefits	6
31	Total	30

24. Contingent liabilities and contractual commitments

2021/22 £000	Contingent liabilities and contractual commitments	2020/21 £000
73,821	Pantheon	71,298
47,017	LCIV Renewable Fund	-
39,235	LCIV London Fund	-
23,054	Copenhagen Infrastructure Partners	21,762
3,191	Blackrock	3,678
186,318	Total	96,738

The Pension Fund has outstanding commitments to invest £186.3m in the private equity and renewable energy infrastructure portfolios. The investments will be funded by rebalancing the investment portfolio over time in line with the strategic asset allocation as outlined in the Pension Fund's Investment Strategy Statement.

25. Contingent assets

Eight admitted body employers in the Haringey Local Government Pension Scheme hold insurance bonds in the value of £1.7m to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of an employer default.

Independent Auditor's Report

To follow, subject to the completion of the external audit exercise for 2021/22.