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LOCAL PENSION BOARD

Wednesday, 13th March, 2024 at 10:00am in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

MEMBERS:

(Chair) Pauline Kettless (Employee Nominated Member)
Cllr Ergin Erbil (Employer Side Nominated Member)
Cllr Chris Joannides (Employer Side Nominated Member)
Paul Bishop (Employee Nominated Member)
Tracey Adnan (Employee Nominated Member)
Alison Cannur (Employer Nominated Member)

Officers: Ravi Lakhani, (Head of Pension Investments), Julie Barker (Head of Exchequer Services), and Nicola Lowther (Governance Manager)

Also Attending:

AGENDA – PART 1

1. WELCOME & INTRODUCTION

2. DECLARATION OF INTERESTS

To receive any declarations of interest.

3. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To agree the minutes of the previous meeting held on 13 December 2023.

4. ENFIELD PENSION FUND QUARTERLY ADMINISTRATION REPORT (Pages 5 - 22)

The Pension Board are recommended to note the contents of this report.

5. CONTRIBUTIONS REPORT (Pages 23 - 28)

The Pension Board is recommended to note the contents of this report.

6. PENSION FUND WORK PLAN (Pages 29 - 48)

The Pension Board is recommended to note the contents of this report, the boards terms of reference and to approve the work programme for 2024/25.

7. APPOINTMENT OF ACTUARY (Pages 49 - 52)

The Pension board is recommended to approve the appointment of Hymans Robertson as the Actuary and benefits consultancy Advisor for the Fund.

8. LAPFF QUARTERLY ENGAGEMENT UPDATE FOR QUARTER ENDING 31 DECEMBER 2023 AND DRAFT WORK PLAN FOR 2024-25 (Pages 53 - 104)

The Pension Board are recommended to note the contents of this report.

(This item contains exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended).

9. MINUTES OF PPIC (Pages 105 - 108)

To note the draft minutes of the last Pension Policy and Investment Committee meeting held on 17 January 2024.

10. AOB - INCLUDING REVIEW OF AGM

11. DATE OF NEXT MEETING

To note the dates of the future meetings will be confirmed following Annual Council on Wednesday 15 May 2024.

12. EXCLUSION OF THE PRESS AND PUBLIC

If necessary, to consider passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting for any items of business moved to part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

(There is no part 2 agenda)

LOCAL PENSION BOARD - 13.12.2023**MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON WEDNESDAY, 13TH DECEMBER, 2023****MEMBERS:**

(Chair) Pauline Kettless (Employee Nominated Member) Cllr Ergin Erbil (Employer Side Nominated Member)
Cllr Chris Joannides (Employer Side Nominated Member)
Paul Bishop (Employee Nominated Member)
Tracey Adnan (Employee Nominated Member)
Alison Cannur (Employer Nominated Member)
Victor Ktorakis (Employee Nominated Member)

Officers:

Ravi Lakhani, (Head of Pension Investments), Tim O'Conner (Exchequer Manager, Pension) and Petra Stephenson (Governance Officer)

1. WELCOME & INTRODUCTION

The Chair welcomed everyone to the meeting.

Apologies for absence were received from Cllr Guney Dogan and Julie Barker.

Apologies for lateness were received from Paul Bishop and Ravi Lakhani.

2. DECLARATION OF INTERESTS

Pauline Kettless declared a non-pecuniary interest as she is in receipt of a LGPS Pension from Enfield.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 13 September 2023 were AGREED.

4. ENFIELD PENSION FUND QUARTERLY ADMINISTRATION REPORT

Tim O'Connor (Exchequer Manager Pension) provided an update on current pension issues, developments and performance highlighting the key points from the report.

The LGPS statistics for all the funds continue to increase, it's a very healthy position.

In April 2024 a 6.7% pension increase is expected.

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Approximately 5000+ members will be affected by the McCloud remedy, it's the biggest change in the scheme for the last 10 years.

As the McCloud disclosure article is a material change to the system officers need to communicate this to all members by the end of December. A newsletter will be sent out which will also champion the new website, AGM and a McCloud letter.

The Chair congratulated the member website for receiving accreditation from the Shaw Trust for accessibility.

Action: Tim O'Connor will provide an update at the next meeting in regard to AVCs being used to purchase additional pension.

The report was Noted.

5. PENSIONS ADMINISTRATION STRATEGY

Tim O'Connor presented the draft Pension Administration Strategy.

The Chair provided feedback; stating the document was excellent and very welcome. Members agreed that it was easy to read and understand.

The report was Noted.

6. COMMUNICATIONS POLICY REVIEW

Tim O'Connor (Pension Manager) presented the draft Enfield Pension Fund Communication Policy. The strategy will be reviewed again in 2 years' time.

Members were impressed with the policy.

In regard to epay Members expressed that it was difficult to logon even when technologically competent.

The improved member website has been developed along with the Communication Policy, so far, feedback on the improvements has been positive.

Action: Tim O'Connor will request feedback from payroll on accessing epay and report back at the next Local Pension Board.

Action: Tim O'Connor will send the link to the improved website to members. It is a work in progress so feedback will be appreciated.

The report was Noted.

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7. CONFLICT OF INTEREST POLICY REVIEW

Ravi Lakhani, Head of Pension Investments presented an overview of the draft Enfield Pension Fund Conflict of Interest Policy which is a requirement of the scheme code to ensure integrity.

Particular attention was drawn to whom this policy applies and the addition of paragraph I to cover relationships with Investment Advisors.

The report was Noted

8. ENFIELD PENSION FUND ANNUAL REPORT

Ravi Lakhani, Head of Pension Investments presented highlights from the report.

The key challenge facing the fund is the government's response to the consultation and the increased requirements on reporting. The requirements on reporting are rather onerous and mandates also conflict with the government's own policies.

A provisional date for the AGM has been set for the 5th March 2024. Pauline Kettless, Cllr Doug Taylor and Ravi Lakhani will review the format.

There have been a few additions to the Annual Report this year, namely 1.9 Financial Performance and 1.11 Asset Pooling, as statutory.

The main objective is to make an accessible, condensed version of the report, that will be read by members, ready for the AGM.

Action: Questions in relation to the report can be emailed to Ravi Lakhani.

The report was Noted.

9. LAPFF QUARTERLY ENGAGEMENT UPDATE FOR SEPTEMBER 2023

Ravi Lakhani, Head of Pension Investments highlighted key points from the report.

Cllr Doug Taylor attended the annual LAPFF conference which took place from 6-8 December 2023.

The report was NOTED.

10. MINUTES OF PPIC

Ravi Lakhani, Head of Pension Investments provided a verbal update from the Pension, Policy and Investment Committee held on 15th November.

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The Board noted the minutes of the Pension Policy and Investment Committee.

Action: Ravi Lakhani will provide the Local Pension Board with a part 2 summary from the PPIC meeting held 15th November.

11. AOB

Ravi Lakhani, Head of Pension Investments provided a summary of current pension issues.

The main issues discussed were the response to the Pooling of 10% into UK private Equity and LGPS schemes.

The Fund responded to the government with a letter explaining that it is not their prerogative to dictate where the funds are pooled.

The biggest outcome of the government's response is all assets should be Pooled by 2025.

The Fund is awaiting the governments formal detailed response. Currently the timescales are tight and without detail.

Ravi Lakhani explained that PPIC called in Fund Managers M&G Inflation Opportunities over their poor investment performance over the last 24 months. Income has continued to be received but a change has been made. The committee agreed that the income will no longer be reinvested into the fund instead the fund will take the income. An exit plan also needs to be in place.

12. DATES OF FUTURE MEETINGS

The Chair wished the committee a lovely Christmas.

Dates of the future meetings were noted:

Wednesday 13 March 2024



London Borough of Enfield

Report Title	LBE of Enfield Pension Fund administration report
Report to	Local Pension Board
Date of Meeting	13 th March 2024
Cabinet Member	
Executive Director / Director	Fay Hammond
Report Author	<i>Tim O'Connor</i> <i>Tim.O'Connor@enfield.gov.uk</i>
Ward(s) affected	
Key Decision Number	Non-Key
Classification	Part 1 Public
Reason for exemption	

Purpose of Report

1. The purpose of this report is to provide the Local Pension Board with an update on current pension issues, developments, and performance in relation to the Local Government Pension Scheme (LGPS)

Recommendations

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| <ol style="list-style-type: none"> I. To note the contents of this report |
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1. Background and Options

1.1 The Pension Regulator (TPR) – General Code of Practice

On 10 January 2024, the Pensions Regulator (TPR) published its new code of practice this has now been laid in parliament.

This new merged code is a big change in terms of look and feel to its predecessor. It is due to be an interactive web-based Code.

It contains 51 modules within 5 sections (covered by 171 pages).

Not all modules apply to all schemes.

As expected, there are five sections within the Code: The governing body, Funding and Investment, Administration, Communications and disclosure and Reporting to TPR.

Governing body

The Code provides increased clarity on the definition of the governing body for Public Service Pension Schemes, including the LGPS. This is confirmed to be the scheme manager. It outlines that each Public Service Pension Scheme will need to determine who fulfils the role of scheme manager according to their regulations and local arrangements. The Code recognises that the governance of Public Service Pension Schemes needs to consider the differing responsibilities of the scheme manager, pension board and where appropriate, pensions committee.

Good practice

In the new General Code, there are several areas of good practice which sit alongside core modules (highlighted by an * in the list below). Whilst compliance with the good practice modules is not a legal requirement, The suggestion is that LB of Enfield Pension Fund considers all areas of the new Code.

New modules

There are several new modules in the Code when compared with Code of Practice 14. These are:

Governing body section

- Meetings and decision-making
- Remuneration and fee policy*
- Managing advisers and service providers*
- Scheme continuity planning*
- Own risk assessment*

Funding and Investment section

- Investment governance*
- Investment monitoring*
- Climate change*

Administration

- Planning and maintaining administration
- Financial transactions
- Transfer out
- Record-keeping
- Data monitoring and Improvement
- Maintenance of IT systems
- Cyber controls*

Communications and disclosure

- General principles for member communications
- Scams

It is expected to come into force on 27 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR Codes into one code.

The key is that schemes need to have a plan in place, which includes timescales for demonstrating compliance.

TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS.

Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice.

Governance

TPR states that the governing body should spend an appropriate amount of time running its scheme and should meet at least quarterly. The Code outlines the items that must be included in written meeting records. Public Service Pension Schemes will need to consider the requirements of the appointment and role of the chair module, as well as relevant aspects of the new good practice remuneration and fee policy module. It also recognises that arrangements for meetings and decision making for councils acting as LGPS authorities are set out in legislation and will apply to each council as appropriate.

Managing advisers and service providers

TPR expects schemes to operate an effective system of governance and this module outlines the expected controls for the selection, appointment and management of advisers and service providers. It confirms that where the governing body appoints advisers and service providers, it retains ultimate accountability and should be able to demonstrate its management of commercial relationships.

Administration

TPR have introduced several new administration modules, in relation to planning and maintaining administration, information handling and maintenance of IT systems.

Risk management

There are areas of good practice in respect of scheme continuity planning. TPR states that scheme managers of public service pension schemes do not have specific obligations set out in pensions legislation but considers it good practice to carry out continuity planning. Also, the new area of Own Risk Assessment is listed as an area of good practice for Public Service Pension Schemes. Own Risk Assessments will identify the key governance risks facing the scheme and TPR states that the governing body should incorporate the findings into its management and decision-making processes.

Systems of Governance

The requirement for effective systems of governance and internal controls applies to all schemes, although the standards of governance required by law depends on the type of scheme. The Code introduces greater emphasis on documented policies and procedures to demonstrate that the governing body is managing the scheme in line with the requirements.

Scheme managers of Public Service Pension Schemes are required to establish and operate appropriate internal controls in line with requirements in law.

Cyber Controls

Cyber and managing cyber risk for pension schemes is a continually evolving area. As expected, the Code outlines that Governing bodies should take steps to reduce the risk of incidents occurring, and appropriately manage any incidents that arise. This is listed as a good practice module however it does also clearly set out the legal requirements for all Public Service Pension Schemes relating to internal controls.

Please refer to Appendix 1 for more information

1.2 2024/25 employee contribution bands

The employee contribution bands effective from 1 April 2024. These are calculated by increasing the 2023/24 employee contribution bands by the September 2023 CPI figure of 6.7 per cent and then rounding down the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

1.3 HM Treasury: Confirmation of annual revaluation, earnings and pensions increase

On 25 January 2024, HM Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase due to apply from April 2024. The statement confirms:

- public service pensions will increase on 8 April 2024 by 6.7%, in line with the Consumer Prices Index for the year up to September 2023
- revaluation of 6.7% plus any local addition will be used in April 2024 to revalue CARE accounts in public service pension schemes

Please refer to Appendix 2 for more information

1.4 Scheme Advisory Board (SAB) update

On Tuesday 16 January 2024, the SAB Board Chair and Secretary met with Minister Simon Hoare MP, in person. Among the administration area's covered included McCloud and Government progress on the Good Governance recommendations.

SAB commissioned report on the LGPS and Sharia law

The Scheme Advisory Board has received a report on the Sharia compliance of the LGPS from an Islamic finance expert, Mufti Faraz Adam. The report examines the issue from the starting point that the LGPS is an extension of the employer/employee contract. The report concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS.

In publishing this report, the Board makes no claim of expertise on the matter of Sharia law and wishes to be clear that this report represents the views of the author and not the Board. You can find more information on the news article dated 23 January 2024 on the News page of the SAB website.

Please refer to Appendix 3 for more information

1.5 HMRC - Newsletter 155

HMRC published Pension schemes newsletter 155 on 25 January 2024.

The newsletter included several updates about the abolition of the Lifetime allowance (LTA) including:

- where further legislative changes will or may be needed to implement the policy
- answers to frequently asked questions

Please refer to Appendix 4 for more information

1.6 New GAD guidance

On 25 January 2024, DLUHC issued new LGPS actuarial guidance. The guidance does not contain any new factors but does provide additional information about how the McCloud remedy will affect certain calculations.

- Early payment of pension guidance
- Late Retirement guidance

- Individual Incoming & Outgoing Transfers guidance
- Interfund transfers – addendum. The new guidance comes into force immediately.

Interfund addendum in October 2023,

DLUHC confirmed that interfund transfer payments in respect of members protected by the McCloud remedy could continue based on the methodology set out in the Individual Incoming & Outgoing Transfers guidance dated 8 April 2020. The Interfund guidance addendum published on 25 January 2024 confirms that this arrangement can continue for a further two months until 24 March 2024.

DLUHC understands that updates to administration systems because of the new actuarial guidance will not happen immediately. These transitional arrangements aim to prevent administering authorities from building up a backlog of interfund cases while systems are updated and checked. Certain cases have been on hold since the LGPS regulations were amended to implement the McCloud remedy from 1 October 2023. The publication of the Individual Incoming & Outgoing Transfers guidance means that administering authorities have the information they need to process:

- transfers in on Club and non-Club terms
- transfers out of deferred benefits on Club and non-Club terms.

Administering authorities should check whether they have any non-Club transfers out:

- in respect of a deferred member protected by the McCloud remedy
- where the guarantee date was before 1 October 2023
- the member elected to transfer within the guarantee period
- the transfer payment has not yet been made.

In these cases, administering authorities may wish to check for any top up payment related to the McCloud remedy before making the payment. If they make a top up payment at the same time that the transfer value is paid, no interest will be payable, if the payment is made within six months of the guarantee date.

LGA understand that conversations with software suppliers about system updates to reflect the new calculations are ongoing. Administering authorities may wish to consider running manual calculations in urgent cases to ensure any statutory deadlines are met.

LGA are currently looking into the possibility of producing a spreadsheet administering authorities can use to calculate the McCloud element of non-Club transfer values. We will provide an update in the coming weeks

Deferred refunds

There are outstanding queries concerning transfers out of deferred refunds. It is not clear whether the McCloud remedy applies to any or all members who hold a deferred refund in the LGPS, nor whether they would gain or retain protection on transfer to a different public service pension scheme.

LGA recommend the following:

- Club transfers of deferred refunds: remain on hold
- non-Club transfers of deferred refunds: check whether the cash transfer sum would increase because of remedy protection. If it would not, the transfer can continue. If it would increase, we recommend that the case remains on hold.

Divorce cases

Administering authorities can now proceed with divorce quote cases for members protected by the McCloud remedy.

DLUHC will be issuing new actuarial guidance on divorce debits and credits which will be needed to process a pension sharing order for a member protected by the remedy.

1.7 Pensions dashboards

The Pensions Dashboard programme have issued several updates, including an FAQ, a webinar and how they are engaging with industry software suppliers.

Please refer to Appendix 5 for more information

1.8 LGPS Governance Conference – 18-19 January 2024 – Highlights

Keynote address – Dominic Harris The Pensions Ombudsman (TPO)

- Set out priorities for the next four years, against a backdrop of increasing cases and resources challenges. Creating a Pensions Dishonesty Unit* will feature in TPOs plans.
[*The principal aim of the Pensions Dishonesty Unit is to hold the wrongdoers responsible for the unlawful gains they have made and ensure they repay these monies to the scheme members – many of whom have lost substantial sums and are now struggling to get by without their lifetime savings.]
- A cyber-attack in June affected TPO to process cases and is still working on getting back to full capability.
- Pension Transfers, overpayments and misinformation continue to be the key complaint topics with ill health complaints particularly relevant in the LGPS.
- The Court of Appeal recently found that TPO is not a competent court for the purposes of schemes recovering overpayments from members. Schemes will need to go to the County Courts to recoup overpayments if a scheme member disputes recovery. See determination case: - CAS-39869-Q8J7.

Scheme Advisory Board (SAB)

Cllr Roger Phillips, SAB (England and Wales) Chair; Cllr Nathan Yeowell, LGPC Chair

- A video message from the Minister, Simon Hoare MP, was played. The Minister apologised for not attending and confirmed that pensions is a key focus in local government. He is committed to: Knowledge and training in the LGPS.
- Stronger policies on how decisions are made, and conflicts of interest managed; and
- Focus on investment governance and give serious thought to the prudence of retaining as many funds.
- Cllr Yeowell provided more information on the LGPC, explaining how it represents the sector by responding to consultations, and working with bodies such as TPO, the Pensions Regulator (TPR) and the Department for Levelling Up, Housing and Communities (DLUHC). He emphasised the communications and technical expertise available to funds and employers together with ongoing engagement with the Pensions Management Institute to create national LGPS qualifications.
- Other priorities include implementing McCloud, getting ready for dashboards and implementing changes to the tax regime.

The employer landscape – panel session

Lisa Clarkson, LGA; Andrew Dobbie, Unison; Debbie Sharp, South Yorkshire Pensions Authority; Jennie Mulrooney, Education & Skills Funding Agency

- Lisa discussed the huge growth in employer numbers, driven by academisation and outsourcings.
- Debbie discussed the challenges of obtaining timely information about when academisation is happening and that, at all stages, getting the right data is key.
- Jennie provided an overview of ESFA work, with reference to the LGPS academies' guarantee and the powers to investigate and act where employers may not be meeting their regulatory requirements. She mentioned challenges around employers understanding their role and that LGPS funds were not created for multi-fund employers.
- Andrew provided a union perspective. All scheme members should receive the same quality and accessibility of their rights and entitlements, and outsourcing should not be an impediment to that.

Legal update – how to keep on the right side of the law

Kirsty McLean, Squire Patton Boggs

- Kirsty called out the publication of TPR's General Code of Practice and flagged the reference to the knowledge and understanding requirements being directly applicable to Local Pension Board members. DLUHC are expected to replicate for Pension Committee members. Funds should complete a 'gap analysis' on the Code and create plans to comply.
- On Transfer Regulations, she recommended that funds follow the regulations as written but welcomed the pragmatic approach that TPO has taken.
- On data protection and cyber risk, she referenced the updated TPR guidance issued in December 2003 and the ICO's recent £1.7m fine for poor privacy notices.

Day 2: DLUHC update

Con Hargrave, Department for Levelling Up, Housing & Communities

- DLUHC's role is to set the rules and regulations for the LGPS in England and Wales. Con mentioned that Simon Hoare, the new Minister, is a former councillor with finance experience.
- Its role is one of stewardship and policy reform, and a mix of the apolitical and political. Their LGPS team is small – he acknowledged that this, combined with the scheme's complexity and multitude of stakeholders within government, can cause delays.
- DLUHC's priorities include proposals in relation to investment issues in the LGPS, with many consultation responses received and considered. The responses highlighted the controversy around government interference in asset allocation matters. Con reiterated that the government is clear that this is an ambition for funds rather than a requirement upon funds.

- Work is ongoing towards a TCFD (Task Force on Climate-related Financial Disclosures) consultation and on an anticipated consultation on LGPS governance, following SAB's Good Governance Project. Statutory guidance and technical regulations are expected in relation to the McCloud regulations, with a key message around ensuring that administration functions are adequately resourced.
- Finally, the 2020 cost control process will conclude shortly, with reforms including an 'expanded corridor' and an 'economic check'. The 2022 'section 13 valuation' report is due to be published in summer/autumn this year with engagement starting now to ensure there are no surprises.

Improving and measuring your knowledge & skills – interactive session

Becky Clough, LGA

- Becky began by running through the work that the SAB's Compliance and Reporting Committee (CRC) do to support committee and board members.
- CRC's surveys show that 22% of newly appointed committee members have little or no knowledge of the LGPS at appointment, suggesting they face a steep learning curve.

LGPS Governance Conference - 2025

The LGPS Governance Conference 2025 will take place on 30 and 31 January 2025 in Bournemouth. The conference is aimed at councillors and others who attend pension committees/panels and local pension boards. Past delegates include trade union and employer representatives as well as officers who attend and support committees.

It will be of interest to those working in governance roles in funds. If you would like to register your interest in attending either online or in person, please complete this LGPS Governance Conference 2024 - expression of interest form.

Please refer to Appendix 6 for more information

1.9 Communications Working group minutes

The Communications Working Group met on 11 January 2024.

At the meeting, the group discussed:

- member engagement
- promotion of the LGPS
- the latest updates on McCloud, pensions dashboards and the abolition of the Lifetime allowance
- the group's plans for 2024/25.

Please refer to Appendix 7 for more information

1.10 Pension Website

Please find some data from google analytics snapshot taken from 21st January 2024 to 19th February 2024. This gives total views in this timescale - 1518, how long the average time spent on the site, how members accessed the site and which pages are proving the most popular. This data will give the Pension Fund extremely useful information on how to evolve the website to best suit the members.

Please refer to Appendix 8 for more information

1.11 Pensions Admin Team Update

The Pensions Team are currently moving from the 5th floor to the 4th Floor of the Civic Centre, access to the new office will be available from Monday 4th March.

The new Communications & Employer Liaison Officer has now commenced, Josiah Burton.

A new Senior Pensions officer, Dennis Ricci-McElhone has also now commenced.

Interview process for both a scale 5 and an apprentice have also taken place and the following appointments have been made;

Lekan Ayankoya (Pensions Officer) – start date 13th March
Busra Gunes (Apprentice) to be confirmed, expected 13th March.

1.11 Pension Team Key Performance Indicators

Turnover of admin work	Performance - Quarter 3 (October 2023 to December 2023)
1945	Work completed within timescales
346	Work completed outside timescales
2,291	Total of work completed
84.90%	Overall completion % rate

Process	No. of cases commenced in Q3	No. of cases completed within timescale	Good Practise timescales	% completed in Q3
Deaths – initial letter acknowledging death of members	37	5	2 months	86.49%
Retirements – letter notifying estimate retirement benefits	57	17	2 months	70.18%
Retirements – letter notifying actual retirement benefits	108	50	2 months	53.70%
Deferment – calculate and notify deferred benefits	145	167	2 months	93.79%
Transfers in/out – letter detailing transfer quote	137	115	2 months	83.94%
Transfers in/out – letter detailing actual transfer	89	44	2 months	49.44%
Refund – Process & pay a refund	28	25	2 months	89.29%
Divorce quote – letter detailing cash equivalent value and other benefits	9	8	2 months	88.88%
Divorce settlement – letter detailing implementation of pension sharing orders	0	0	3 months	0%
Joiners – notification of date of enrolment	227	227	2 months	100.00%

There were no IDRP cases received during Q3.

1.12 Pension Team Risk Register

Category	Project/Issue	Priority	Impact	Frequency	Severity	Control	Description	Responsible	Impact	Current Status	Next Steps	Review Date
Projects	Aggregation of benefits - pre and post April 14	2	3	6	Medium	Yes	Failure to offer linking of member services.	Tracy Rogers with support from Pensions Administration Team and where required Tim O'Connor	member not notified of benefits. Plus financial and reputational damage to pension fund	Project in place - training, and new specialist in post to assist	Historical Members identified - administration team working through both old and new cases as they appear each month	31/12/2024
	McCloud review	2	3	6	Medium	Yes	Government lost a test case which resulted in all public sector funds to review their data to ensure no one has lost out	Systems Team	member not paid the correct benefits. Plus financial and reputational damage to pension fund	Project plan in place to move to next stage of McCloud resolution now that legislation is in place	Ensure new legislation updates are reviewed. Systems Team to contact employers re data retention - esp hours previously held	31/10/2024
Projects	Annual Allowance	1	3	3	Low	Yes	All cases identified and notified within timelines	Andreas Andrea	Tax implications for both member and member if incorrectly notified	Project team in place - also testing new app.	Andreas to produce project plan for 2024 and App with AgeWage tested and signed off for use	31/09/2024
	Lifetime Allowance [INCLUDE PROTECTIONS]	1	3	3	Low	Yes	All processed correctly?	Andreas Andrea	Tax implications for both member and member if incorrectly notified	All complex queries are referred to risk owner	Andreas to produce project plan for 2024 and review direction of new government post election as LTA phased out	31/12/2024
	Triennial Valuation 2025	1	4	4	Low	Yes	Completion of the administration side of the triennial valuation in a timely manner.	Ravi Lakhani	Incorrect benefits paid out. Financial and reputational damage to fund.	Final stage - investments to notify all new rates to employers.	Risk owner to outline project timelines along with appropriate stakeholders.	31/03/2025
	GMP - HMRC	1	4	4	Low	Yes	All GMP related work to have been completed in line with the closedown of GMP related work at the DWP.	Tim O'Connor	Incorrect data on records leading to incorrect payment. Taking on the responsibility of cases because we have not data cleansed sufficiently.	Final Cut of data received from HMRC - and referred to on a daily basis for each member coming into payment	project plan in place and cases reviewed against the data when retirements go into payment.	31/03/2025
Projects	ABS	1	3	3	Low	Yes	Sent out correctly and in line with prescribed timescales	Systems Team with support from Tim O'Connor	Incorrect statements can lead to members making incorrect financial decisions. Causing reputational damage.	Project plan in place - to complete for 2024	Review letters and also include online feedback survey	30/04/2024
	Workflow aligning with SLAs and all procedures captured	1	4	4	Low	Yes	Workflow completion timescales are currently more generous and consequently out of sync with SLA timescales and with disclosure of Regulations timescales this means our KPIs are reporting inaccurate data	Tim O'Connor with support from Systems Team	This could incur fines from the Pensions Regulator. Also impossible to plan resources when KPIs giving a different slant on work completion/outstanding.	Project plan in place - to review retirement actuals	Project to align all the workflows to SLA and Disclosure of Regs timescales, this needs to be documented in test as steps within the workflows. Retirement actuals to look at plus adding additional mandatory checks to workflows	30/06/2024
	Correctly uploading factor tables	1	1	1	Low	No	are the correct factors in place in Altair?	Andreas Andrea	Incorrect factor tables could lead to incorrect payments of benefits if anomalies are not identified by the Benefits Team	Project plan in place - work is double checked by system team	None required at present	31/12/2024
	Event reporting	2	3	6	Medium	No	Capturing all areas of work	Andreas Andrea	HMRC fines for both fund and member. Reputational damage to fund in the event of any fine.	Project plan in place	System team to complete a written procedure for the procedure matrix	31/12/2024
	Missing Addresses	1	3	3	Low	No	Could lead to personal data going to a wrong address or benefits not claimed.	Tim O'Connor with support from the Systems Team	Not having the ability to contact the member to notify or pay our benefits	Project plan in place	Tender required to outsource missing members addresses to a tracing agency. Systems Team to identify amount.	31/12/2024
	End of year updating (LGPS 2021 scheme and employer data issues)	3	3	9	Medium	Yes	Year updating of Altair IT System. Pensions Increase programme. Plus EOY factor tables. Employee data for salaries and contributions - if incorrect Member could be wrongly paid.	Andrea Andrea	Impact on both members payments and incorrect ABS	Project plan in place - work is double checked by system team	None required at present - a written process to be produced for new systems team members to follow	31/03/2024
	Data cleansing meeting TRP record-keeping - New code of practice	2	3	6	Medium	No	Establish a clear and consistent data cleansing programme. Expansion of pensions dashboard.	Tim O'Connor with support from both administration and Systems teams	Without a clear, consistent and routine data cleansing programme, the fund cannot be confident that errors will not occur. Pension Regulator targets will not be met causing reputational damage	new project plan to put into place following the issue of the New Code of practice from March 24	To review all data cleansing processes in place against the new code of practice and introduce new areas if applicable to ensure full compliance with the new code.	30/09/2024
Management	Procedure matrix	3	3	9	Medium	Yes	procedures all captured and up to date?	Tim O'Connor with main support from Andreas Andrea and both administration and Systems teams	Without an up to date procedure matrix it will be impossible to know who is following the correct procedure. This could lead to cases been incorrect benefits been paid, also risk of reputational damage	Procedure project in progress	Team Leaders to routinely capture any missing processes and monthly reviews on updates	30/09/2024
	Training matrix	3	3	9	Medium	No	Up to date with all training work - 4 new team members and 2 returning officers from maternity leave over summer 24	Tim O'Connor	Without an up to date training matrix it will be impossible to know who is skilled in what area, what training is required and this could lead to incorrect calculations due to a lack of knowledge	unknown - risk owner to confirm update	to complete upto date training matrix	01/10/2024
	KPI - statistic's	1	4	4	Low	No	Accurate and up to date?	Tim O'Connor	Without accurate and clear data it is impossible to plan the resources of the team. This has several risks	Yes	Review and annual update - new tasks to add - to review and introduce new workflows, update some current ones - including retirement actuals	30/06/2024
	Discretions Employers	1	2	2	Low	No	All admin auth discretions made?	Tim O'Connor and Andreas Andrea with support from new Communications Officer	Members may suffer if Employers have not been a clear discretions policy as required.	Project plan in place as part of employer specific work	To chase remaining Employers to obtain a written discretions policy - arrange and visit remaining employers, i.e. attendance at town council meetings. Briefing paper to outline this area.	31/08/2024
	Staffing levels	2	3	6	Medium	No	Capacity issues: 2 Senior members of staff returning from maternity leave - over summer. 4 new members of staff, 2 started, 2 to start. 1 member starting flexible ret.	Tim O'Connor & Julie Barker	Resourcing work and all other projects will be hindered or slowed down by lack of experienced team members plus training for new staff.	Recruitment plan in place, almost complete, systems/project team - main area to complete	Completion of restructure and recruitment to new posts in Systems and one S01 role in admin to complete	31/05/2024
	LGA Bulletins – bullet points being actioned	1	4	4	Low	No	all action points addressed by Managers?	Tim O'Connor, Andreas Andrea, Tracy Rogers, Josiah Burton	Action from Bulletin not completed could have financial implications for members. Risk of reputational damage	Bulletins are reviewed monthly, actions required	To review at Monthly team meeting	31/03/2025
	Data Protection / Cyber training	2	3	6	Medium	No	Everyone adhering to the new data protection rules?	All	Member or other body wrongly notified of personal data. Heavy Fine from ICO plus reputational damage to pension fund.	Training, procedures. Routine reminders. - learn reminders	Annual refresher training before end of 31/12/2024 required. Auditing of cases on a routine basis.	31/08/2024

Governance	Local Pension Board - administration papers	1	3	3	Low	Yes	Providing administration data to the LPB	Tim O'Connor	Board members not being able to access information at the right time.	Yes. Dates of meetings and also dates of issue of papers to Committee members to be confirmed	To ensure all administration reports are sent by the deadline given - dates of issue to the Committee to be confirmed from Bola Tobun.	31/12/2024
Employer	Employer data provided on time	1	2	2	Low	No	Work received from all employers in a timely manner on a monthly basis which contains minimal errors	Karen Bennett	member could be paid incorrectly. Plus financial and reputational damage to pension fund	unknown - risk owner to confirm	establishment of procedure and routine monitoring of performance against targets	31/08/2024
	Legal turnaround times for Admission Agreements	2	3	6	Medium	No	Internal legal not responding to request or moving work in a timely manner.	Julie Barker with support from Andreas Andreas and Josiah Burton plus if required - Tim O'Connor	Reputational risk with employers and lead to commercial issues occurring.	Project plan in place as part of employer specific work	To review all employers following presentation from Andreas and update	30/06/2024
Communications	Communications Quality Assurance	1	4	4	Low	No	letters, newsletters, website, emails, telephone calls clinics.	Tim O'Connor with main support from Josiah Burton and all Pensions Team	Members not been updated at the right time.	Yes	Employer newsletter being worked on. Active & Pensioner newsletter to start work on.	31/08/2024
	Website	1	4	4	Low	No	To ensure new website working to full capability	Josiah Burton / Tim O'Connor with support from Andreas Andrea and all Pensions Team	Members reading incorrect information could lead to incorrect decisions been made	Yes - project plan and review in place at present	To review and develop new online forms for death notification, divorce requests, Rule of 95 and MSS documents	31/05/2024
	Presentations/online	1	4	4	Low	No	Various Managers trying to cover both this role and their own.	Tim O'Connor with direct support from Josiah Burton and the Pensions Team	Not having the resources to cover adequately. Information not getting to the right people at the right time.	Yes	look at recording online presentations to be held on the website and sent as a link to members. Offering presentations to employers.	31/08/2024
	Pension Webinars	1	4	4	Low	Yes	Offering members online webinars or links to add understanding of members pensions	Tim O'Connor with direct support from Josiah Burton and the Pensions Team	Members don't receive the service and are not as well informed as they should be.	Yes	1:1 online pension meetings - clinic to be held after AGM - to review how this went and look to book another clinic in Sept 24 after issue of ABS to be set up with booking system. LGA also looking at national webinars	31/08/2024
	Member Self Service	1	3	3	Low	Yes	Members having issues accessing MSS and not seeing the correct screens - has been resolved but continue to watch	Systems Team	Members don't receive the service and are not as well informed as they should be.	Yes - a Systems team project plan is also in place - to look at when pensioners invited to see if any similar issue	Completion of pensioners review of SAP and Affair systems and then to invite pensioners to sign upto MSS - need to review how link with epay will work.	31/12/2024
Security	Cyber security	2	3	6	Medium	Yes	Increased risk of online attack due to pandemic	Julie Barker with support from Tim O'Connor and IT	Fraud, reputational damage	Yes	Team to complete leaner cyber security modules and team to look at any industry information which will assist in this area	31/03/2024

2. Preferred Option and Reasons for Preferred Option – n/a

3. Relevance to Council Plans and Strategies

The Local Pension Board is responsible for ensuring that the Enfield Administering Authority complies with LGPS regulations and associated legislation as well as adhering to requirements as set out by The Pensions Regulator.

This report is to assist members of the Local Pension Board with their role and responsibilities. The Pension Team are required to provide regular updates.

4. Financial Implications – n/a

5. Legal Implications – n/a

6. Equalities Implications

The Enfield Pension Fund is committed to fairness for all to apply throughout all work and decisions made. The Administration Authority serves all members of the Enfield Pension Fund and employees who are eligible to join the scheme fairly, tackling inequality through the provision of excellent services for all.

7. HR and Workforce Implications – n/a

Appendices

1. The Pension Regulator (TPR) – General Code of Practice

[Single code of practice consultation | The Pensions Regulator](#)

<https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice>

2. HM Treasury: Confirmation of annual revaluation, earnings and pensions increase

[Written statements - Written questions, answers, and statements - UK Parliament](#)

<https://www.gov.uk/government/publications/public-service-pensions-increase-2024>

3. SAB commissioned report on the LGPS and Sharia law

[An Opinion on the Shariah Compliance of LGPS \(lgpsboard.org\)](#)

<https://lgpsboard.org/index.php/welcome>

4. HMRC - Newsletter 155

[Newsletter 155 — January 2024 - GOV.UK \(www.gov.uk\)](#)

5. Pensions dashboards

[Webinar recording](#)

[Frequently asked questions newsletter | Pensions Dashboards Programme](#)
[How PDP is engaging with industry | Pensions Dashboards Programme](#)

[Events | Pensions Dashboards Programme](#)

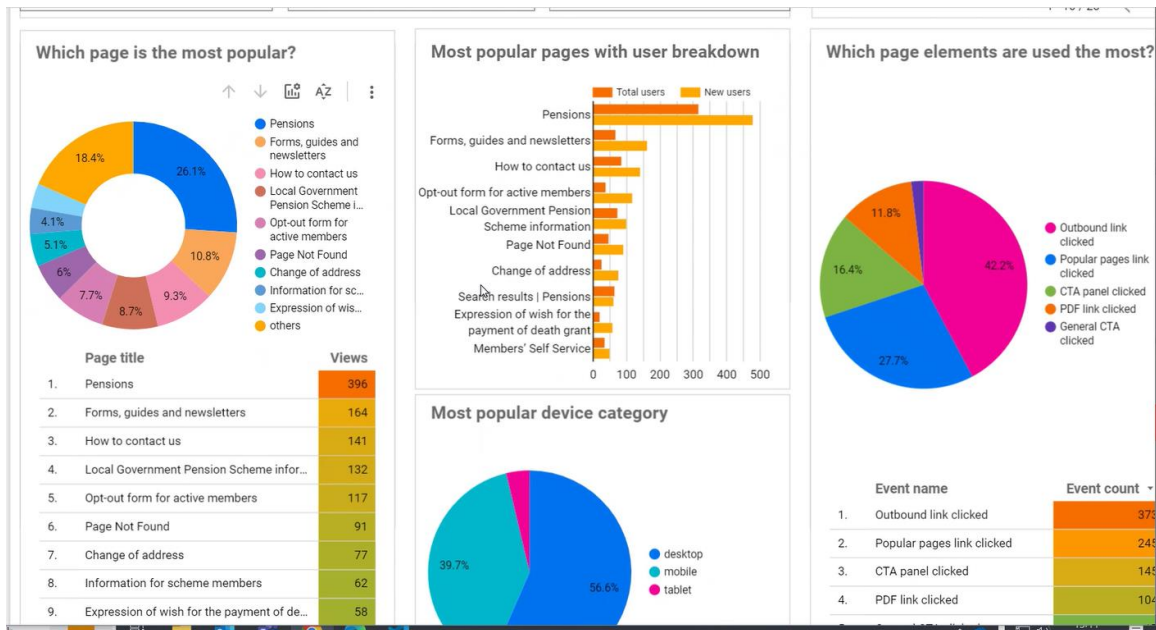
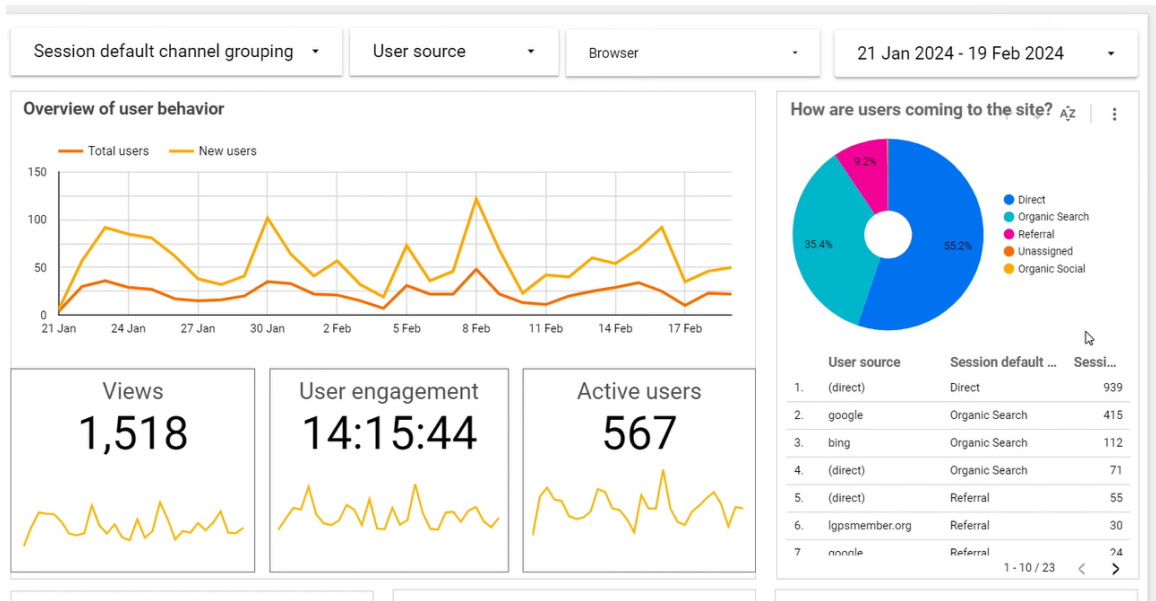
6. LGPS Governance Conference - 2025

[LGA Governance Conference 2025 - Bournemouth \(office.com\)](#)

7. Communications Working group minutes

[Communications working group minutes \(lgpsregs.org\)](#)

8. Pensions Website



Background Papers

None

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London Borough of Enfield

Report Title	Employer Contributions report
Report to	Local Pension Board
Date of Meeting	13 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk

Purpose of Report

1. This report updates the Board on the collection of Employer contributions up to January 2024.
2. The key decision making for, and management of, the Fund has been delegated by the London Borough of Enfield the Council to a formal Pension Fund Committee (PPIC), supported by officers of the Council and advisers to the Pension Fund.
3. The Executive Director of Resources is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters.
4. A local pension board has been in place since April 2015 to assist in:
 - a) securing compliance of Fund matters; and
 - b) ensuring the efficient and effective governance and administration of the Fund.

Recommendations

5. The Pension Board is recommended to note the contents of this report and the attached Appendix.

Reason for Proposal(s)

6. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations.

Background

7. Under the Local Government Pension Scheme (LGPS) Regulations, Enfield Council is required to maintain a pension fund for its employees and other 'scheduled bodies' as defined in the Regulations. The Regulations also empower the Fund to admit employees of other 'defined' (e.g., other public bodies) bodies into the Fund.
8. The Employers (scheduled and admitted bodies) are required to pay both employee and employer contributions to the Fund monthly. The contributions rates for members is set out in the LGPS Regulations. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary.
9. The Employers are required by regulations to make the payment of contributions to the Fund be made no later than 19 days of the following month in which the contributions were deducted from payroll.

2023/24 Contributions

10. The Enfield Pension Fund has set the 19 days following the month in which the contributions were deducted from payroll to determine if a payment has been received on time. The attached Appendix 1 sets out the number of payments received after the 19 days have elapsed.
11. All Contributions are received following the 19th day of each month, up until the 19th January 2024 at the time of writing this report.
12. There have been 74 days of late payments of contributions out of 345 expected payments which is a significant increase on 2022/23. This is mainly attributed to Crystal Facilities Management Services, who were responsible for 51 late days this year. However, they only joined in November 2023 and all of these late payments were due to technical/payment setup issues. In total, five different employers were responsible for late payments in the Fund, two fewer than the previous year.
13. Capel Manor College was late on one occasion by one day due to a payment oversight of the admin team, whereas Reed Wellbeing and The Pantry Ltd were late on two separate occasions. Reed Wellbeing accounted for a total of 15 days late in April and May due to payments having to be returned to their payroll process manager. The Pantry Ltd accounted for 8 days during June and July due to staff being on leave when payments were due.

Risks that may arise if the proposed decision and related work is not taken

14. The monitoring and timely collection of employer contributions will minimise risks relating to the management of the Fund and should assist in managing down the risk of non-compliance with the Council's obligations under the Regulation as the administering authority of the London Borough of Enfield Pension Fund.

Financial Implications

15. Untimely payment of contributions or non-payment of contributions to the Fund can give rise to deficit whereby the Fund current Funding level of 103% can easily be depleted and the Fund ending up being severely underfunded. Late payments can also result in a loss on investment returns

Legal Implications

16. Regulation 106(1) of the Local Government Pension Scheme Regulations 2013 provides for each Administering Authority to establish its own Local Pension Board with responsibility for assisting the Administering Authority to secure compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pensions Regulator in relation to the LGPS. The Board must also ensure the effective and efficient governance and administration of the LGPS.

Workforce Implications

17. The employer's contribution is a significant element of the Council's budget and consequently any improvement in the funding of the Pension Fund will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Conclusions

18. The Pension Board is recommended to note the contents of this report.

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Date of report: 13th March 2024

Appendices

Appendix 1 –Enfield PF Employers Late Contribution Payments Schedule January 2024

Background Papers – None

Appendix 1 – Employers late contribution payments

Employers	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Employers – no of days late	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
London Borough of Enfield													0
Latymer school													0
Scheduled Bodies:													
Capel Manor		1											1
Oasis Enfield													0
Oasis Hadley													0
Aylward Academy													0
AIM Academy North													0
Kingsmead academy													0
Enfield Grammar													0
Edmonton County Trust													0
Southgate School													0
Lea Valley High													0
Connect Eductn Trust (was ELT)													0
Adnan Jaffery Trust													0
Attigo Academy Trust													0
Ark John Keats Academy													0
Meridian Angel Primary School													0
Ivy Learning Trust													0
Jewish Community Academy													0
Children First Academy													0
Wren Academy													0
North Star commty Trust													0
Subtotal - Scheduled Bodies	0	1	0	0	0	0	0	0	0	0	0	0	1
Admitted Bodies:													
European Cleaning Services													0
Enfield Racial Equality Centre (EREC)													0
The Pantry (UK) Ltd			2	6									8
Hertfordshire Catering Ltd													0
Impact Food													0

Reed Wellbeing (momenta)	11	3												14
Sodexo														0
Fusion Lifestyle														0
WGC Ltd														0
Crystal Facilities Mgt Svcs							30	17	4					51
Enfield Voluntary Action														0
Lewis & Graves														0
Birkin Cleaning (Nightingale)														0
Olive Dining (Nightingale)														0
Taylor Shaw Ltd														0
Subtotal - Admitted Bodies	11	3	2	6	0	0	30	0	0	0	0	0	0	73
Total no. days payments being late	11	4	2	6	0	0	30	0	0	0	0	0	0	74

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Total Payments Due	38	38	38	38	38	39	39	38	39				345
Payments Received Late	1	2	1	1			1	1	1				8

Notes	
April	Reed reporting handed over to people service manager and had to be returned to payroll process manager.
May	Capel Manor payment oversight by admin team. Reed Wellbeing same issue as April.
June	The Pantry Ltd late due to staff on leave
July	The Pantry Ltd late due to staff on leave
August	
September	
October	Crystal Facilities Management Services is a new member, late due to technical/payment setup issues.
November	Crystal Facilities Management Services is a new member, late due to technical/payment setup issues.
December	Crystal Facilities Management BACS payment did not take into account extra days required for bank to process.
January	
February	
March	



London Borough of Enfield

Report Title	Enfield Pension Board General Remit and Enfield Pension Board Work Programme for 2024/25
Report to	Local Pension Board
Date of Meeting	13 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Ward(s) affected	Part 1 Public

Purpose of Report

1. This report outlines the general remit of a local pension board, terms of reference and the indicative Work Programme for 2024/25 for the Enfield Pensions Board.

Recommendations

- I. note the contents of this report;
- II. note the pension board terms of reference attached as Appendix 1: and
- III. approve the work programme for 2024/25 attached as Appendix 2.

Background

2. The London Borough of Enfield Council is the Administering Authority for the Enfield Pension Fund.
3. The key decision making for, and management of, the Fund has been delegated by the London Borough of Enfield Council to a formal Pension Fund Committee (PPIC), supported by officers of the Council and advisers to the Pension Fund.
4. A local pension board has been in place since April 2015 to assist in:
 - a. securing compliance of Fund matters; and
 - b. ensuring the efficient and effective governance and administration of the Fund.
5. The work of the local pension board in assisting the Scheme Manager is broad and extensive, therefore the understanding of what the remit for the Board is undoubtedly complex.
6. In accordance with the Public Service Pensions Act 2013 (PSPA) all Board members are required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.
7. **What is the role of a Local Pension Board?**
 - a) Regulation 106(1) specifies that each Administering Authority shall establish its own Local Pension Board with responsibility for assisting the Administering Authority to secure compliance with the Regulations, other legislation relating to the governance and administration of the LGPS and the requirements imposed by the Pensions Regulator in relation to the LGPS. In addition, it must ensure the effective and efficient governance and administration of the LGPS.
 - b) The Local Pension Board does not replace the Administering Authority as scheme manager or make decisions which are the responsibility of the Administering Authority in that role and have been properly delegated to a Pension Committee or officer. The role of the Board should be interpreted as covering all aspects of governance and administration of the LGPS including funding and investments.
 - c) The remit of the Local Pension Board can be as wide or as narrow as is decided upon locally. However, it should be borne in mind that under regulation 106(8) of the Regulations, the Local Pension Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
 - d) There are many areas of work which a Local Pension Board may be the most appropriate place for that work to take place, consider for example the requirements of the code of practice from the Pensions Regulator. The Local Pension Board could be tasked with reviewing

whether the Administering Authority is compliant with the requirements of that code.

8. In support of its core functions, the Local Pension Board may make a request for information to be presented to the Pensions Policy & Investment Committee with regard to any aspect of the Administering Authority function. Any such request should be reasonably complied with in both scope and timing.
9. In support of its core functions the Local Pension Board may make recommendations to the Pensions Policy & Investment Committee which should be considered, and a response made to the Board on the outcome within a reasonable period of time.
10. The Council has specific delegated functions that it has to fulfil as the administering authority to the Pension Fund. This requires that a number of monitoring and management activities are undertaken to ensure that it fully discharges its oversight and governance responsibilities to the Fund.
11. It is appropriate that the Board should set out how it intends to fulfil its roles and responsibilities. Adopting a planned approach should make monitoring easier for the Board and ensure that activities critical to the effective management of the Fund are being undertaken.
12. An annual Work Plan is presented with this report to the Board for agreement. The Work Plan should be presented to the Pension Board by the last board meeting of the prior financial year to which the Work Plan applies.
13. The LB Enfield Pension board terms of reference are presented in appendix 1.

WORK PLAN

14. In designing the work plan, the priorities of the Council as the administering authority of the Fund have been considered and incorporated into the Plan. The work programme is presented in appendix 2:

Preferred Option and Reasons For Preferred Option

15. The work programme for the board has been put together to assist in the management of the Fund, so that the Council is able to perform its role as the administering authority in a structured way. The work programme is not intended to cover all aspects of Pension Fund administration; rather it is designed to assist with meeting part of its delegated function as administering authority to the Fund.

Financial Implications

16. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations. There are no immediate financial implications attached to this report, although it is recognised that the Pensions Board is able to ask for additional information or resource in order to help them to fulfil their role as the Pension Board.

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Appendices

- Appendix 1 – LB Enfield Pension Board Terms of Reference
Appendix 2 – Pension Board Work Programme for 2024/25

Background Papers

None

Departmental reference number, if relevant:

PENSION BOARD (ENFIELD COUNCIL LOCAL PENSION BOARD)
Appointed by: Council
Proportionality: Applies
<p>Membership:</p> <p>3 members of the Council</p> <p>The Board shall consist of 8 voting members, as follows:</p> <p>(a) 4 scheme members appointed by the Staff Side after a nomination and selection process with a view to representing all scheme members (including, as far as practicable, those employed or formerly employed by admitted and scheduled bodies) and after consultation with the recognised trade unions;</p> <p>(b) 4 Employer Representatives, 3 of whom shall be Councillors appointed by the Council and the remaining member shall be appointed by the Administering Authority from nominees of admitted and scheduled bodies.</p> <p>(c) Up to 3 other members, who are not entitled to vote, appointed to the Board by the agreement of both the Administering Authority and the Board.</p> <p>(d) Substitutes shall not be appointed.</p> <p>No person who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.</p> <p>All representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required</p>
The membership must be drawn from: As above

Chair and Vice-Chair appointed by:

The chair shall be appointed by the Board and

- (a) Shall ensure the Board delivers its purpose as set out in the Terms of Reference,
- (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
- (C) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

Public / Private meeting: Public

Substitutes: Substitutes shall not be appointed.

Quorum:

A meeting is only quorate when at least 3 representatives are present, including at least 1 scheme member representative and 1 Councillor employer representative.

Frequency:

The Board shall meet at least twice each year.

The chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

Terms of Reference:

Introduction

This document sets out the terms of reference of the Local Pension Board of Enfield Council (the 'Administering Authority') which is a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

The Board is established by the Administering Authority. It operates independently of the Pension Policy and Investment Committee. The Board is not a committee constituted under Section 101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly included in this document.

Interpretation

The following terms have the meanings as outlined below:

'the Act' means the Public Service Pensions Act 2013.

'the Code' means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.

'the Committee' means the Pension Policy and Investment Committee, which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.

'the Fund' means the Fund managed and administered by the Administering Authority.

'the Guidance' means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

'the Regulations' means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time

to time).

'Relevant legislation' means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Board notwithstanding that the Codes of Practice are not legislation.

'the Scheme' means the Local Government Pension Scheme in England and Wales.

Statement of purpose

The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- (b) to ensure the effective and efficient governance and administration of the Scheme.

Duties of the Board

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the code of conduct for Board members.

Establishment

The Board was established, with effect from 1 April 2015, by Council on 25 March 2015. The Board may establish sub-committees.

Terms of Office

The term of office for Board members is until the Annual Council Meeting in 2026 and thereafter for terms of four years, subject to para below. A Board member may be appointed for further terms of office.

Board membership may be terminated prior to the end of the term of office if:

- (a) A Board member is no longer able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.
- (b) The representative is withdrawn by the nominating body and a replacement identified.
- (c) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
- (d) A Board member who is an elected member becomes a member of the Committee.
- (e) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Authority under the Regulations.
- (f) The member resigns.

Conflicts of interest

All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined above. The Board shall establish and maintain a Knowledge and Understanding Policy and framework to address the knowledge and understanding requirements that apply to Board members under the Act. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework. They shall also participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

Meetings

The Chair shall agree with the Board Secretary an agenda prior to each Board meeting. The agenda and supporting papers will be issued at least 5 working days (where practicable) in advance of the meeting except in the case of matters of urgency.

Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members within 15 working days after the meeting. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.

The minutes may with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Board Secretary shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.

Public access to Board meetings and information

The Board meetings shall be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

The following will be entitled to attend Board meetings in an observer capacity and may speak at the discretion of the Chair.

- (a) Members of the Committee,
- (b) Any person requested to attend by the Board.

The Administering Authority shall publish on the Council's website, as part of the Fund's Annual Report or the Governance Compliance Statement as appropriate, information about the Board to include:

- (a) The names of Board members and their contact details.
- (b) The representation of employers and members on the Board.
- (c) The role of the Board.
- (d) These Terms of Reference.
- (e) Agendas and minutes
- (f) Training and attendance logs
- (g) An annual report on the work of the Board to be included in the Fund's own annual report.

Information may be excluded on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

Finance

The Administering Authority may meet the expenses of Board members in line with the Administering Authority's policy on expenses. The Administering Authority will not pay allowances for voting Board members.

The Board shall be provided with adequate resources from the Fund to fulfil its role. The Board will seek approval from the staff of the s151 officer for any expenditure it wishes to make.

Core functions

- (i) The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:
 - (a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
 - (b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.
 - (c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
 - (d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
 - (e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.
 - (f) Monitor complaints and performance on the administration and governance of the scheme.
 - (g) Assist with the application of the Internal Dispute Resolution Process.
 - (h) Review the complete and proper exercise of Pensions Ombudsman cases.
 - (i) Review the implementation of revised policies and procedures following changes to the Scheme.

- (j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
 - (k) Review the complete and proper exercise of employer and administering authority discretions.
 - (l) Review the outcome of internal and external audit reports.
 - (m) Review draft accounts and Fund annual report.
 - (n) Review the compliance of particular cases, projects or process on request of the Committee.
 - (o) Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.
 - (ii) The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:
 - (a) Assist with the development of improved customer services.
 - (b) Monitor performance of administration, governance and investments against key performance targets and indicators.
 - (c) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
 - (d) Monitor investment costs including custodian and transaction costs.
 - (e) Monitor internal and external audit reports.
 - (f) Review the risk register as it relates to the scheme manager function of the authority.
 - (g) Assist with the development of improved management, administration and governance structures and policies.
 - (h) Review the outcome of actuarial reporting and valuations.
-

- (i) Assist in the development and monitoring of process improvements on request of Committee.
- (j) Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.
- (k) Any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the scheme) the Board deems appropriate.

Relationships

In support of its core functions the Board may make recommendations and requests for information to officers or to the Committee with regard to any aspect of the Administering Authority's function, which shall be responded to as soon as practical.

The Board should report any concerns over a decision made by the Committee to the Committee which must, within a reasonable period, consider and respond to the Board. Where the Board is not satisfied with the response received it may require that a notice of its concern be placed on the website and in the Fund's annual report.

Where the Board is satisfied that there has been a breach of regulation, which has been reported to the Committee under paragraph 33 and has not been rectified within a reasonable period of time, it is under an obligation to escalate the breach. The appropriate internal route for escalation is to the Monitoring Officer and/or the

Section 151 Officer (as appropriate).

The Board may report concerns to the full Council or the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.

Board members are also subject to the requirements to report breaches of law under the Act and the Code and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy.

Review of terms of reference

These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every 4 years.

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PENSIONS BOARD

Draft Work Plan

2024/25

Date of Meeting	Title of Report	Responsible Officer
June 2024	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	Head of Pension Investments
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	Pensions Manager
	Review Asset Voting, Engagement Processes	Head of Pension Investments
	Review of Pensions Administration Strategy	Pensions Manager
	Review of Investment Strategy Statement	Head of Pension Investments
	Investment performance for 2023-24	Head of Pension Investments
	London CIV update	Head of Pension Investments
	Other Ad-hoc items for consideration	Various
September 2024	Received and Review Pensions Committee Meetings agenda (reports & minutes)	Head of Pension Investments
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	Pensions Manager
	Review the process of actuarial valuations	Head of Pension Investments
	Review of Funding Strategy Statement	Head of Pension Investments
	Review of Governance Compliance Statement	Head of Pension Investments
	Review of Risk Management Policy and Risk Register	Head of Pension Investments

	Review of The Pensions Regulator Code of Practice and self assessment	Finance Manager (Pension & Treasury)/Pensions Manager
	Receive Draft Account and Fund Annual Report for 2024/25	Head of Pension Investments
	Review fees paid to investment managers	Head of Pension Investments
	Review of Training and Development Policy and Member Training Needs Analysis – following new code of practice	Head of Pension Investments
	Other Ad-hoc items for consideration	Various
December 2024	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	Head of Pension Investments
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	Pensions Manager
	Review of Communications Policy Statement	Pensions Manager
	Review Asset Voting, Engagement Processes	Head of Pension Investments
	Monitor Internal and External Audit Reports	Head of Pension Investments
	Receive actuarial valuations results – latest valuation	Head of Pension Investments
	Review of Conflicts of Interest Policy	Head of Pension Investments
	Other Ad-hoc items for consideration	Various
March 2025	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	Head of Pension Investments
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	Pensions Manager
	Review of Customer Services Survey	Pensions Manager

	Review the Performance and Contracts of Service Providers to the Fund	Head of Pension Investments
	Receive Internal and External Audit Reports	Head of Pension Investments
	Review of Training and Development Policy and Member Training Needs Analysis	Head of Pension Investments
	Review of Reporting Breaches Procedure	Head of Pension Investments
	Receive Pension Fund Work Plan for 2025/26	Head of Pension Investments
	Other Ad-hoc items for consideration	Various



London Borough of Enfield

Report Title	Appointment of Actuary
Report to	Pension Board
Date of Meeting	13 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1

Purpose of Report

1. This report outlines the outcome of a tender exercise to select an Actuary and Benefits Consultancy advisor for the Enfield Pension Fund 'Fund'.

Recommendations

- | |
|--|
| <ol style="list-style-type: none"> I. Approve the appointment of Hymans Robertson as the Actuary and benefits consultancy Advisor for the Fund. |
|--|

Background and Options

2. All administering authorities for Local Government Pension Funds are required to appoint a number of service providers in order for the Fund to carry out its functions as an administering authority under the Local Government Pension Scheme regulations. (The Administering authority for the Fund is Enfield Council)
3. **Actuarial services** include the provision of a number of key technical services for the fund including: the triennial valuation of the fund; the calculation of employer contribution rates; carrying out opening evaluations for new scheme employers; closing valuations for existing scheme employers; and ad hoc advice and guidance.

4. The Fund’s current actuary is Aon Hewitt. The contract with Aon Hewitt has been in place since 1 April 2016. The contract was originally for 5 years, and 3 extensions were granted to the original contract (allowable) under the terms and conditions.
5. Procurement exercises are the method that the council uses to ensure that value for money is maintained when seeking supplies and services contracts from third parties. Therefore, officers for the Council carried out a procurement exercise for this purpose.
6. The procurement exercise was carried out using the National LGPS Framework for Actuarial, benefits & Governance Consultancy Services, managed by Norfolk County Council. The benefits of using a framework agreement for the Fund are that it can reduce procurement time and cost because the framework has already been through a competitive tender and public contracts regulation 2015 compliant procurement process. The Fund is then able to call off the available frameworks for services without having to undertake full procurements by running mini competitions for actuarial services.
7. The procurement exercise was carried out for 2 lots as follows:
 - Lot 1 – Actuarial Services
 - Lot 2 – Benefits Consultancy
8. There were 4 suppliers of Actuarial and Benefits consultancy on this framework:
 - Aon Solutions UK limited
 - Barnett Waddingham LLP
 - Hymans Robertson LLP
 - Mercer Limited.
9. The procurement exercise took the form of a mini competition. Each actuary was required to submit their responses to the questions outlined in the invitation to further competition document. Each submission was assessed against the evaluation criteria set out below.

Lot	Criteria	Weighting
Actuarial Services	Quality	80%
	Price	20%
Benefits Consultancy	Quality	80%
	Price	20%

10. The quality criteria considered some of the following:
 - Understanding the Enfield Pension Fund
 - Managing Risks
 - Knowledge, Skills & Experience
 - Reporting
 - Transition
 - Through Leadership in the LGPS
 - Online Functionality

11. Responses were received from three providers on the framework. All elements of the responses were evaluated by a panel of pension fund offices. The panel with support from a procurement officer then proceeded to moderate their scores. Each element of the scoring was then combined to determine an overall score for each provider.
12. The duration of the contract is to be for an initial period of 5 years with the potential to extend for a further 2 year subject to satisfactory performance.
13. Under the terms of reference for the Pension Board the Board shall:
 - (a) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.

Preferred Option and Reasons For Preferred Option

14. Following the mini competition Hymans Robertson received the highest score for Lot 1 – Actuarial Services and lot 2 – Benefits Consultancy. On this basis **Hymans Robertson LLP** are awarded the contract to provide both Actuarial Services and Benefits Consultancy.
15. The contract will run from 1 February 2024 for a period of 5 years.

Financial Implications

16. The estimated cost of Actuarial services is expected to be £80-£120k per annum. The cost of the benefits consultancy contract is expected to be £10k-£20k per annum.
17. The exact costs will depend on the level and volume of work likely to be requested by the fund. The cost will be funded by the pension fund.

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Appendices

None

Background Papers

None

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London Borough of Enfield

Report Title	LAPFF Quarterly Engagement Update for quarter ending 31 December 2023 and draft work plan for 2024-25
Report to	Local Pension Board
Date of Meeting	13 March 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 and Part 2
Reason for Exemption	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. This report provides an update on various Environmental, Social & Governance (ESG) issues that the Local Authority Pension Fund Forum (LAPFF) have been engaged with for the quarter ending December 2023, for the attention of the Pension Board.
2. The report also introduces the LAPFF plan of activities for the 2024/25 financial year.

Recommendations

3. The Pension Board are recommended to note the contents of this report and the attached appendices which give details on the LAPFF company engagements for the quarter and the draft plan for 2024/25.

Background and Options

4. The Enfield Pension Fund ("the Fund") is a member of the Local Authority Pension Fund Forum (LAPFF) and the Fund has previously agreed that its

votes will be casted at investor meetings in line with LAPFF voting recommendations where the Fund's investment managers do not have a proxy voting policy.

5. The LAPFF, currently comprises 71 local authority pension funds with combined assets of over £210 billion. The Forum exists to promote the investment interests of local authority pension funds, and in particular to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.
6. The Fund currently delegates the exercise of its voting rights to its external equity managers, who are asked to comply as far as possible with the Fund's voting policies (generally LAPFF voting recommendations). The move to a pooled structure (with London CIV) over the medium term may impact this arrangement as voting rights would need to be exercised at pool level rather than fund level. The Fund will therefore need to ensure that it works with other London funds as well as the pool itself to ensure that in the future it is able to effectively express its views through the exercise of voting rights.

LAPFF engagement

7. For this reporting period, LAPFF engaged with various companies on different topics including Human Rights, Climate change and Governance. The full report is included in appendix 1. Highlights from the report include:
 - An overview of the 2023 LAPFF conference, detailing discussions on various important topics including electric vehicle (EV) supply chains and the biodiversity crisis.
 - A continued push on the 'Say on Climate' initiative, aimed at encouraging more companies to present their climate transition plans for shareholder voting.
 - Active engagement with insurance companies regarding climate change, which included meetings with AIA, AXA, Legal & General, Lloyds Banking Group, and Ping An.
 - Engagement efforts focused on mining and human rights, particularly with Grupo Mexico and Glencore. This included organising a seminar for investors featuring communities from Colombia and Peru impacted by Glencore's mining projects.
 - Discussions with German technology giant SAP to address the management of adverse human rights impacts, including issues of discrimination, arising from advancements in artificial intelligence (AI) technologies.

- Issuance of a voting alert concerning BHP, highlighting concerns over the company's climate-related practices and its corporate culture regarding human rights.
 - Continued engagement with The Home Depot through the Investor Alliance for Human Rights' Uyghur Working Group, aimed at addressing the company's response to allegations of Uyghur forced labour within its supply chains.
8. The draft LAPFF workplan for 2024/25 is included in appendix 2. The main point to consider from this work plan are:
- Summary of LAPFF workplan 2024/2025: The document outlines the current and anticipated engagement areas for LAPFF, a responsible investment organisation, for the coming year. The document covers topics such as climate change, human rights, natural resources, governance, and policy engagement. The document also explains the objectives, methods, and longer-term goals for each engagement area, as well as the relevant Sustainable Development Goals (SDGs) that they align with.
 - Climate and strategic resilience, environmental protection, and fair and just transition: LAPFF considers climate change and its impacts to be a top priority for its members and aims to engage with companies on their decarbonisation strategies, transition plans, and climate scenario analysis. LAPFF also emphasises the importance of biodiversity, natural resources, and water stewardship, and the inter-dependence of these issues with climate and social factors. LAPFF supports a just transition that does not leave behind the poorer and more vulnerable members of society. LAPFF collaborates with other investors and stakeholders on various climate and environmental initiatives and seeks to influence policy frameworks that enable effective and rapid climate action.
 - Social factors: Human rights and employment practices: LAPFF has a humanitarian and human rights strategy that covers three categories of engagement: sovereign-based, sector-based, and issue-based. LAPFF engages with companies on their human rights impacts and risks in various countries and regions, such as the Occupied Palestinian Territories, Myanmar, Ukraine, and Xinjiang. LAPFF also focuses on specific sectors that have significant human rights challenges, such as mining, apparel, technology, and care. LAPFF also addresses cross-cutting issues such as joint ventures, discrimination, supply chain transparency, and modern slavery. LAPFF works with affected stakeholders, such as communities and workers, and responds to policy developments and consultations on humanitarian and human rights issues.
 - Promoting good governance: LAPFF engages with companies on various aspects of corporate governance, such as anti-bribery and corruption, board diversity, executive remuneration, and reliable accounts. LAPFF also seeks to improve the regulatory environment and the standards of

accounting and auditing, as well as the governance of capital markets. LAPFF supports initiatives that aim to align executive pay with long-term performance and sustainability goals, and to ensure that company accounts reflect the true and fair view of their financial position and risks. LAPFF also challenges the governance practices of technology companies, especially in relation to content management and artificial intelligence.

- **Leadership: Emerging and developing initiatives:** LAPFF aims to identify and respond to emerging investment concerns and responsible investment issues that affect its members and their holdings. LAPFF also seeks to collaborate with other investors and organisations on initiatives that provide added value and increase its impact. LAPFF monitors and assesses new trends and developments in the market and the regulatory landscape and adapts its workplan accordingly. LAPFF also supports member liaison, services, support, and training, as well as communication and media outreach.
- **APPG, Party Conference Fringe Meetings, Asset Managers, LGPS Events:** LAPFF supports the All-Party Parliamentary Group for Local Authority Pensions Funds, which aims to discuss and inform the work of LAPFF on LGPS issues with policymakers and stakeholders. LAPFF also hosts fringe meetings at the party conferences to build relationships with parliamentarians and ministers, and to lead the debate on reforms that promote well-functioning markets and responsible investment. LAPFF also engages with asset managers, regulatory bodies, and other relevant experts on matters such as stewardship practices, shareholder voting, stock-lending, and infrastructure. LAPFF also provides educational and explanatory materials to its members and supports their participation in external events.

Reason for Recommendation

9. The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long-term steward of assets. Ensuring a high level of Responsible Investing including good corporate governance, the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

Relevance to Council Plans and Strategies

10. Clean and green places
11. Strong Healthy and safe communities
12. Thriving children and young people
13. An economy that works for everyone

Financial Implications

14. This is a noting report and there are no direct financial implications as a result of the contents of this report.
15. The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long-term steward of assets. Ensuring good corporate governance and the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund. Poor corporate governance and unsustainable business practices can impact on share prices and increases the risk that the Fund may experience a loss of value in its investments in the future.

Workforce Implications

16. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will enhance the Council's ability to meet this obligation easily and could also make resources available for other corporate priorities.

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Appendices

- Appendix 1: LAPFF Quarterly Engagement Report
Appendix 2: **Part 2 Private & Confidential**- LAPFF draft workplan for 2024-25

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Quarterly
Engagement
Report

October-December
2023



Say on Climate, National Grid, BP, UN Forum on Business and Human Rights, Rio Tinto

UPDATES



ACT

LAPFF Conference

LAPFF held its 2023 annual conference in Bournemouth, covering a range of topics with a particular focus on climate-related issues. On the first afternoon, delegates heard from Richard Eadie and Simon Davy on how water companies can better deliver environmental value. This was followed by a discussion panel on how LGPS funds are managing climate-related financial risks. The first day closed with a review of the 2023 shareholder resolutions and a glimpse of the ones to come in 2024.

The second day kicked off with a discussion panel on the significance of proxy voting choices for investors in passive funds and the breakthrough introduction of passthrough voting. This allows asset owners to adopt their own

voting policies in pooled funds. Delegates then heard from asset managers on how they respond to the recent headline phenomenon of an ESG backlash. This was followed by a deep dive from Sir Philip Augar on whether investors should be concerned about the listing rules review.

The afternoon had a strong climate-related focus, opening with a discussion on how clean and equitable EV supply chains can be ensured, an emerging area of importance in the endeavor to decarbonise. This was accompanied by a session on how nature-related risks and the biodiversity crisis are managed and tackled. Another session outlined the role of alternatives in the race to achieving net zero by 2050. Also in the afternoon,

delegates engaged in a poignant discussion on investors' role in ending modern-day slavery, highlighting the pressing need and methods to take action and make change.

The final morning of the conference opened with a session with economic commentator, Will Hutton, on the great pay divide between executives and employees, followed by a discussion on the Living Wage with a representative from the Living Wage Foundation. This was followed by a presentation from LGA adviser, Barry Quirk, on levelling up. The conference closed with an inspirational story by Dave Fishwick about his journey to creating the Bank of Dave to help local businesses and communities in the wake of the 2008 financial crisis.

COMPANY ENGAGEMENTS

CLIMATE ENGAGEMENTS

LAPFF engages on climate change through both policy and company engagement channels. This dual approach is necessary to ensure that companies have an enabling environment to promote their climate change mitigation and adaptation work.

Say on Climate

Objective: Despite the significant investment risks of climate change, investors are not provided with a specific vote by investee companies on how they are seeking to decarbonise their business models. Against the backdrop of growing climate risks, rising expectations from investors for companies to outline their climate strategy, continued ratcheting up of climate regulations and emerging recommendations from the Transition Plan Taskforce, LAPFF has been engaging companies for the past few years on putting their transition plans to a shareholder vote. Last quarter, LAPFF coordinated an investor letter to 35 FTSE companies in high emitting sectors requesting such a vote. The letter was signed by 18 other investors with around £1.8tn AUM.

Achieved: LAPFF has received substantive responses to the letter, with some companies outlining their approach to climate and stating that they are considering such a vote for their AGM next year. Some companies outlined previous votes and their intention to continue to hold similar votes in the future. However, others stated either that they did not plan to hold such a vote and engaged shareholders through other means or that while having a vote in the past, they did not have immediate plans to do so again.

In progress: Despite additional companies having transition plan votes, they are not standard practice and often absent at AGMs where climate risks are most acute. LAPFF will continue to work with other investors engaging companies on having transition plan votes to enable investors to have a specific say on the climate strategies of investee companies.

LAPFF's main company engagements on climate this quarter were with National Grid and BP.

National Grid

Objective: LAPFF, along with two other investors of CA100+ Working Group, Church of England and Northern Trust, has been seeking to improve National Grid's disclosure and accountability on direct and indirect lobbying. The CA100+ benchmark on National Grid places it below its peer companies under indicator 7 on lobbying. In June 2023, National Grid pledged to publish its trade association memberships and updated climate policy ahead of the next AGM. LAPFF therefore is seeking to ensure the company's disclosure is timely and of a high standard.

LAPFF has also been seeking to ensure the company is more transparent about its plans to support the energy transition and reducing grid connection. The objective was to encourage disclosure and to offer the opportunity to provide feedback on the company's approach in both respects. LAPFF also sought a separate climate meeting with the company and to write a lobbying letter to National Grid seeking disclosure of industry associations and an updated climate policy.

Achieved: In November, LAPFF together with the Church of England wrote to the company, stating expectations for its upcoming lobbying report.

At the end of November, LAPFF met the Chief Sustainability Officer of National Grid. In this meeting LAPFF asked for an update on the backlog of grid connections and an update on the transition plan. The recent change in regulations has enabled the backlog to start to be cleared. This has been a main concern as the average time between requesting a connection and being offered one has increased from 18 months in 2019-20 to 5 years in 2023, as reported by the company. The easing of regulations will allow the company to terminate projects not progressing and push projects which are ready to the front of the queue.

Given that the expected power to be generated from these held-up contracts is as much as 400 Gigawatts with connection dates of 2030 or later, this

change will help towards decarbonising the power systems by 2030. However, there is still a challenge in speeding up building necessary infrastructure to physically enable the grid connections. LAPFF will monitor the effect of lifting these regulations and how quickly the company clears the backlog and is also looking for clarity in its infrastructure development plans.

The meeting also discussed the new transition plan to be published next year. LAPFF welcomed the fact that this is likely to be updated next year and will be put to a shareholder vote. LAPFF also encouraged the company to ensure the report is not only about reducing emissions but how the company can facilitate new infrastructure to be built, and its wider role in the energy transition. The company also recognised a challenge in reaching long-term targets of net zero by 2040 in absence of a pathway for gas distribution in the US.

In Progress: The release of the lobbying disclosure report next year in good time before the AGM is expected and will enable the Forum to assess the progress made in the company on this area. So far National Grid appears to be responding well.

LAPFF also expects the new transition report to be released and to address the points have raised here. A key outstanding issue is gas distribution in the US, where the company asserts the ongoing importance of gas networks to the business due to its existing infrastructure and cost efficiency and envisage both hybrid solutions and clean gas. To address this LAPFF will seek to understand the US energy market in more detail. On engagement specifics, LAPFF is organising a wider CA100+ meeting in January and will arrange some direct follow up meetings through 2024.

BP

Objective: With the surprise departure of Chief Executive Bernard Looney, LAPFF requested a meeting with the Chair, Helge Lund, to help ascertain whether that departure affected BPs climate commitments.

Achieved: LAPFF attended a meeting with Lund in November, where we were told that the departure of the CEO had

COMPANY ENGAGEMENTS

not changed BPs climate commitments.

In Progress: Since that meeting COP28 has strengthened the emphasis for solutions to the transition away from fossil fuels, which emerged as a last-minute compromise instead of the original goal to “phase out fossil fuels.” Prior commitments were in the form of far more malleable goals of “net zero by 2050” and complicating matters with Scope 1, Scope 2 and Scope 3 emissions. LAPFF’s policy for several years has been that fossil fuel components of businesses need to be put into managed decline.

With a closer match between COP and LAPFF policy, the emphasis on phase out will be the focus of BP and other oil and gas companies. Scope 3 emissions, originating from the products sold by fossil fuel companies, have been obfuscated by a focus on the comparatively minor Scope 1 and Scope 2 emissions, missing the obvious point that less Scope 3 extraction naturally leads to less Scope 1 and Scope 2.

Housebuilding also has a large impact on climate change. As part of an ongoing engagement with the sector, LAPFF met with **Persimmon** this quarter.

Persimmon

Objective: Minimising the investment risks associated with climate change involves decarbonising housing stock. Housebuilders therefore play an important role in reducing emissions as well as facing regulatory risks if they fail to prepare for higher energy efficiency and emissions standards. As part of LAPFF’s engagements with UK housebuilders, LAPFF seeks to ensure that adequate transition plans are in place. With the vast majority of emissions not coming from their own activities, the engagements focus on plans for decarbonising supply chains and decarbonising homes in use.

Achieved: LAPFF met with representatives from the FTSE100 housebuilder Persimmon. In the meeting LAPFF had an open discussion about target setting which covered issues around embodied carbon. The meeting covered transition planning and plans. The discussion touched on so-called hard to abate sectors within the supply chain, such as cement and offsetting,



Persimmon housing estate Suffolk, UK trial schemes for net zero homes, and engagement with smaller suppliers on the transition.

In progress: LAPFF will be following the development of housebuilders’ transition plans and delivering on the targets that they have set.

CLIMATE & INSURANCE

LAPFF has also re-started its 2020 engagement with insurance companies on their climate strategies and practices. After meeting with Munich Re last quarter to discuss the company’s progress on assessing its impact on climate change and integrating climate considerations into corporate strategy and operations, LAPFF met with **AIA, AXA, Legal & General, Lloyds Banking Group, and Ping An** to discuss the same issues. Given the interest of LAPFF members in natural resources – and specifically biodiversity – LAPFF also asked these insurers how they are addressing natural resources within their climate strategies.

While there has been some progress in insurers’ understanding of the need to assess their impacts on climate change in order to understand their climate-related business risks (otherwise known as double materiality), in LAPFF’s view there has not been enough progress on this front. In particular, insurers are focusing almost exclusively on their investment businesses in relation to climate mitigation. This approach makes sense at face value, but LAPFF would like

to see greater consideration given to the role the insurance products can play in mitigating climate change through setting societal expectations of risk.

All companies engaged are at the beginning of understanding the relationship between climate and natural resources and how to bring natural resources into business decision-making. Therefore, LAPFF will aim to engage with the remaining large insurance holdings before moving on its largest bank holdings under this engagement.

Because there is an increasing recognition of the impact that climate change has on natural resources, LAPFF has engaged a range of companies on their impacts on nature.

TJX Companies – Deforestation

Objective: As a retailer specialising in brand-name clothing, home goods, and outdoor products, TJX Companies is exposed to various commodities that potentially link to deforestation in its supply chain. However, it currently lacks a public deforestation policy and does not address this issue in its vendor code of conduct.

Achieved: LAPFF initiated a dialogue with TJX Companies and met with representatives for the first time to discuss the development of such a policy. The conversation began with an overview of the company’s sustainability priorities,

COMPANY ENGAGEMENTS

focusing on climate and energy, before shifting to the topic of deforestation.

In Progress: This marks the commencement of ongoing discussions with TJX, a company substantially held by LAPFF. The Forum aims to continue engaging with TJX to advocate for the benefits of imposing deforestation requirements on its vendors.

Nestlé – Regenerative Agriculture and Climate Change

Objective: In the context of the agri-food sector's shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company's specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation.

Achieved: During LAPFF's meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies.

In Progress: LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agri-food sector as others are incorporating this into their business strategies as new methods and technologies become available.

Chipotle – Water Stewardship

Objective: LAPFF has been engaged with Chipotle on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an



Chipotle Mexican Grill at Pineapple Commons, Stuart, Florida

ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant proportion of the company's suppliers operate in areas of water stress. LAPFF now considers it imperative that the company utilise the results of this risk assessment to set measurable and time-bound targets in order to reduce negative impacts on freshwater.

Achieved: In October 2023, CERES published a corporate benchmark assessing the water stewardship practices of 72 companies against the six Corporate Expectations for Valuing Water, including Chipotle. Chipotle underperformed relative to the quick service restaurant (QSR) peer group. LAPFF Executive member John Anzani met with the company in December to discuss progress in adopting a more ambitious approach to its water stewardship practices.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative (VWFI) and will continue to engage with Chipotle on this basis during 2024. It is LAPFF's expectation that Chipotle leverages the work it has undertaken in mapping exposure to water stress in order to set ambitious targets, particularly given that during Q4 2023 the science-based targets network has released guidance for companies to set the relevant freshwater targets.

HUMAN RIGHTS ENGAGEMENTS

Similar to the climate space, human rights policy and practice must align for companies to be able to implement their human rights responsibilities. Legislation requiring mandatory human rights and environmental due diligence, including the imminent Corporate Sustainability Due Diligence Directive (also known as the 'CS triple D'), makes the need for this alignment pressing. LAPFF has taken a number of measures this quarter to work toward this alignment.

LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. LAPFF regularly undertakes various avenues of engagement on human rights, and will continue to seek in its engagements with both companies and investors to clarify this link. The goal is that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

UN Forum and Working Group on Business and Human Rights

On the policy front, LAPFF was again

COMPANY ENGAGEMENTS

invited to present its work at the UN Forum on Business and Human Rights in Geneva on 27 November. LAPFF's video about its visit to Brazil to see communities affected by tailings dams was selected for screening out of, reportedly, a huge number of potential options. The video was well-received, with attendees stating that they would share it with colleagues, clients, and law students to drive home the on-the-ground impact that mining companies can have on people in host communities.

LAPFF also submitted a response to a UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The goal of this consultation is exactly to push alignment between law and practice on human rights. One of the main points LAPFF made is that corporate and commercial legal frameworks must align with international human rights law principles, for example of joint ventures, to facilitate good corporate practice.

COMPANY ENGAGEMENTS MEETINGS

In terms of company engagements, **Glencore** and **Grupo Mexico** were companies of focus this quarter. LAPFF generally has at least an annual meeting with the Glencore Chair. This meeting was its second with Chair Kalidas Madhavpeddi. Although LAPFF had requested a meeting with CEO Gary Nagle to discuss both climate and human rights performance at Glencore, Mr. Madhavpeddi was accommodating and helpful. LAPFF asked about the company's engagement with affected communities, but Mr. Madhavpeddi did not share much on this front.

LAPFF subsequently held a seminar for investors with communities from Colombia and Peru who are affected by Glencore's Cerrejon and Antapaccay projects, respectively. It has also been in touch with IndustriALL representatives who worked with investors last year to bring a climate-related resolution to Glencore's AGM. LAPFF's view from speaking to these stakeholders is that in the coming year, Glencore is likely to be the target of a concerted union and community campaign because of its human rights and environmental practices. Therefore, LAPFF has reached out to the company for a follow up

meeting to discuss these stakeholder concerns and to push the company to build and disclose stronger stakeholder engagement mechanisms and climate practices.

TECHNOLOGY COMPANIES AND HUMAN RIGHTS

Objective: Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of AI, it has the potential to adversely impact people's employment and creates human rights risks, not least around discrimination. These risks are often greatest at companies developing and selling AI services and products. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts.

Achieved: LAPFF executive member Heather Johnson met with the German tech company SAP. The company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The

Sonora, Mexico: 40,000 cubic meters of copper sulfate were spilled into a dam, property of Grupo Mexico

meeting also covered how the company had responded to the German Supply Chain Due Diligence Act.

In progress: AI is an emerging technology with risks likely to become greater and more complicated. LAPFF will continue to engage technology companies in how these risks are being managed to ensure appropriate frameworks and safeguards are in place.

RESPONSIBLE MINERALS – ELECTRIC VEHICLE MANUFACTURERS (FORD, RENAULT AND MERCEDES)

Objective: As highlighted, there is an increasing trend in international regulations to impose the responsibility for human rights due diligence on companies. These regulations highlight the electric vehicle industry's obligation to ensure ethical and sustainable practices, particularly in supply chains. This development is part of a broader global movement towards enhanced corporate accountability and transparency. Over recent years, LAPFF has consistently engaged with various electric vehicle manufacturers on this matter, advocating for improved due diligence and transparency as these regulations have evolved.

Achieved: LAPFF has maintained ongoing dialogues with Ford, Renault, and Mercedes, meeting with Ford and Renault for the second time, and with Mercedes for the third time on this



COMPANY ENGAGEMENTS

issue. All three companies have shown notable progress in their human rights management processes and efforts to comply with regulations, especially in the depth of their public reporting. Despite some areas still requiring improvement, it would appear they are more actively engaging with suppliers and pursuing ethical sourcing to meet international human rights standards.

In Progress: LAPFF will continue to monitor and seek engagement with those companies exposed to the various human rights risks associated with electric vehicles, which become ever more evident as production is scaled up.

COLLABORATIVE ENGAGEMENTS PRI ADVANCE

LAPFF continued its engagement with **Vale** and **Anglo American** through the PRI Advance human rights initiative, including through bringing investors in other PRI Advance groups into stakeholder engagement meetings on **Glencore**, **BHP**, and **Rio Tinto**. These initiatives are moving quite slowly, in part in LAPFF's view, because investors are generally less aware of and less attuned to human rights considerations than they are corporate governance and environmental issues. Therefore, they are still considering how best to engage companies on human rights, which tend to deal with 'soft' issues such as illegal discrimination and freedom of association rather than 'hard' issues like clear financial costs.

LONDON MINING NETWORK AND COMMUNITIES AFFECTED BY MINING

LAPFF continues to find great value in engaging with community groups affected by mining company operations. The meeting with communities affected by **Glencore** operations in Colombia and Peru was the first in-person meeting of this kind that LAPFF had held since the Covid pandemic. Most community meetings are online because affected community members tend to be in developing countries, and everyone has limited travel budgets (not least for climate reasons). However, LAPFF



workers stock the shelves at a Home Depot store

coordinated with London Mining Network to hold an in-person seminar which six investors attended. The Colombian and Peruvian community members shared the severe environmental impacts **Cerrejon** was having on its rivers and soil, which is leading to significant health concerns in both countries. A LAPFF representative also met with communities with continued concern about **BHP's** practices in Brazil.

LAPFF held online meetings with communities from Brazil and Mexico. LAPFF continues to engage with the community members with whom it visited in Brazil, particularly in relation to the reparations at **Samarco**-affected communities. Although over 100 houses have reportedly been built in one of the resettlements – **Bento Rodrigues** - these community members continue to be concerned that the quality of the houses is poor, and they report that they don't know who to contact at **Vale** or **BHP** to complain. Part of the problem is that the **Renova Foundation** CEO with whom LAPFF met in Brazil has been sacked but not replaced successfully. His immediate successor lasted two months, according to the community members. LAPFF is waiting to hear whether a permanent, successful CEO has now been appointed or whether the search continues.

In relation to Mexico, LAPFF was assured earlier in the year that **Grupo Mexico** had met its reparations obligations in relation to its 2014 tailings

pond leak in Sonora, Mexico. However, LAPFF was alerted by a community representative and a news article about a Mexican government lawsuit to reinstate the reparation fund due to inadequate reparations payments. LAPFF has tried three times this quarter to obtain a meeting with the company but has been met with silence. Meanwhile, LAPFF met with the community representative at the UN Forum on Business and Human Rights at the end of November to receive a further update on the case. It appears that LAPFF will now need to investigate options to escalate its engagement with **Grupo Mexico**, but it will need to do so in consideration of safety concerns for the affected communities.

In Progress: LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. Therefore, LAPFF will continue to seek in its engagements with both companies and investors to clarify this link so that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

INVESTOR ALLIANCE FOR HUMAN RIGHTS

LAPFF continued to work closely with the

COLLABORATIVE ENGAGEMENTS

Investor Alliance for Human Rights, both in relation to the Uyghur Group and in relation to conflict-affected and high-risk areas (CAHRA).

Investor Alliance for Human Rights – The Home Depot Inc

Objective: As a part of the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF led on an engagement with The Home Depot, which was implicated in allegations of Uyghur forced labour in its luxury vinyl tile (LVT) flooring supply chains, with PVC derived from Xinjiang. LAPFF sought to understand how Home Depot responded to these allegations, and how the company has undertaken work to eliminate forced labour risks and comply with human rights standards.

Achieved: LAPFF, alongside other investors, met with Home Depot for a second time following reports in August that shipments of LVT from Asia were being blocked by US Customs, including those destined for Home Depot. During the call, LAPFF sought answers on what the company was doing to ensure that its company supply chain was free of forced labour, potential implications of bifurcation of supply chains, and what new methods Home Depot was implementing to have sufficient audit procedures in place.

In Progress: LAPFF will continue to monitor the company's approach to global human rights due diligence and seek further engagement in due course for updates on the issue, with a focus on the company's implementation of enhanced audit procedures.

CAHRA PILOT PROJECT

LAPFF was invited to join IAHR's CAHRA pilot project. The project has been initiated in part because of the escalation of conflicts globally, including in Ukraine, Nagorno Karabakh, and Israel and Gaza, which reignited this quarter. LAPFF had already been attending a number of IAHR webinars on this topic to understand better how to engage companies on CAHRA issues, so the opportunity to participate in this pilot is welcome, especially given LAPFF's engagements with companies operating in Russia,

Myanmar, and the Occupied Palestinian Territories.

VOTING ALERTS

LAPFF also issued a voting alert for BHP expressing concern that the company's rhetoric and practices on climate are not aligned and expressing concerns about the corporate culture in respect of human rights. BHP is currently the subject of potentially costly litigation in Brazil, the UK, and Australia in relation to its failings related to the Samarco tailings dam collapse alone. LAPFF continues to have serious concerns that the company is not taking appropriate accountability and responsibility for its human rights and environmental practices, and that this omission could lead to large financial losses for both the company and investors.

JUST TRANSITION ENGAGEMENTS

LAPFF's aim is to move away from siloed ESG engagements in recognition of the overlap between these three areas in pursuing a just transition. There are currently two dedicated work streams covering a just transition specifically, although the climate and human rights work by definition addresses just transition to a degree.

RIO TINTO SHAREHOLDER RESOLUTION

Within the quarter LAPFF explored the option of filing a just transition shareholder resolution at Rio Tinto's 2024 AGM requesting the company undertake independent water impact assessments at its mine sites. The proposed resolution sought to ensure that the company adequately assesses its impacts on water resources so that it can properly identify operational, reputational, legal, and consequently financial risks to the business and investors.

In the end, LAPFF did not file the resolution. LAPFF is currently in dialogue with Rio Tinto, and Rio Tinto has issued a water impact assessment in relation to its QMM operation in Madagascar. Although the company is not fully meeting the

resolution's request, LAPFF is encouraged that the company is willing to discuss how to move forward on the request and continues to be hopeful that the company will meet it. LAPFF is pursuing further dialogue with the company on this issue and will take a view after the 2024 AGM whether the resolution filing process needs to be resumed.

EQUINOR

As part of its involvement with World Benchmarking Alliance just transition initiative, LAPFF participated in a collaborative call with Norwegian energy company, Equinor. Equinor has a policy commitment to a just transition and the engagement provided a useful opportunity to discuss how the policy was being implemented. The meeting covered the company's approach to assessing and mitigating negative social impacts of the energy transition, governance of just transition issues, just transition planning and metrics and targets.

In Progress: As part of LAPFF's involvement in the WBA initiative, it will continue oil and gas companies on just transition plans. LAPFF will continue to engage mining companies on undertaking independent water impact assessments.

BOARD DIVERSITY ENGAGEMENTS

Objective: It is well-documented at this point, both in academic literature and in the corporate governance world, that board diversity improves corporate performance. Diversity covers a range of areas, including gender, cultural, and economic (for example workers on boards). Consequently, LAPFF engages companies on board diversity and composition as a matter of course to work toward improved financial returns across member portfolios.

Achieved: LAPFF is a long-standing member of the 30% Club Investor Group, which began with a focus on gender diversity and has now expanded its work to include racial diversity on boards. Over time, this group has also expanded from focusing on UK companies to engaging

COLLABORATIVE ENGAGEMENTS

companies in other countries. The latest round of engagements has been with a range of Asian companies, including KKR & Co and Shinhan Financial Group.

LAPFF also questioned Glencore on its board composition this quarter. The company has a small board compared to its peers in the mining sector, and LAPFF wondered if its small size allowed for enough diversity of views. Although three of the eight board members are female, LAPFF is also looking, for example, for board members with backgrounds in climate change and human rights who are sufficiently independent to challenge the board on its climate, human rights, and internal controls systems, especially given the corruption challenges the company is continuing to face.

In Progress: Board diversity is a continuing workstream for LAPFF, as it pushes companies to move from merely appointing certain numbers of diverse board members to truly considering and integrating their views into company strategy and practice. This objective relies on cultural change which takes a long time to achieve so is something at which LAPFF chips away each quarter on different fronts. LAPFF has also secured a meeting with KKR & Co for Q1 or 2024 to discuss diversity targets.

GOVERNANCE ENGAGEMENT

Barclays

Objective: In October, former Barclays executive Jes Staley was banned by the FCA from holding senior positions in financial services and charged with a £1.8m fine for allegedly misleading the watchdog about his past relationship with convicted sex offender Jeffrey Epstein. In turn, LAPFF felt it imperative to engage with Barclays to discuss learnings from this tumultuous episode and sought to see actions the bank had taken to strengthen corporate governance at both board and management level.

Achieved: LAPFF met with the Chair of Barclays, Nigel Higgins, at the end of October. The Chair openly discussed the event and actions the bank had taken, including freezing deferred bonuses

to Stanley at the time of investigation. The company stated it has strengthened their board recruitment practices and remained vigilant. However, LAPFF will be monitoring the governance going forward. More widely, LAPFF requested an update of Barclays's climate policy and have arranged to have a specific meeting on this topic separately.

In Progress: Following the recent board changes earlier this year at Barclays, including the appointment of new executives, LAPFF will continue to watch the corporate governance nominations and succession plans of the company board. LAPFF maintains a cordial dialogue with the chair and aims to continue engaging on this topic.

PUBLIC HEALTH ENGAGEMENT

FAIRR Initiative's Restaurant Antibiotics Engagement – Restaurant Brands International (RBI)

Objective: FAIRR's Restaurant Antibiotics engagement focuses on reducing the use of antibiotics in protein supply chains. This initiative involves companies within the fast-food and casual dining sector, with the aim of mitigating the risks associated with antibiotic resistance due to the overuse of antibiotics in livestock. The objective is to safeguard public health.

Achieved: LAPFF joined a call with FAIRR and other investors with Restaurant Brands International (RBI). As a first call with the company, investors shared key asks of the engagement and pushed for enhanced transparency on the company's efforts to reduce antibiotics in its supply chain.

In Progress: LAPFF signed onto a series of letters sent by FAIRR and will seek to join meetings as appropriate when they become available. LAPFF is also hoping to continue supporting engagement with RBI as the dialogue develops.

Taskforce on Social Factors

LAPFF's chair is a member of the Taskforce on Social Factors, which was established by the DWP with cross-departmental and multi-regulator involvement. The taskforce was established to outline how trustees could and should address social risks and opportunities. Specifically, the group has looked at the materiality of such issues, data on social factors, and the actions pensions funds can take. During the quarter, the group's initial findings were published for consultation. Within the report a series of recommendations were set out to pension trustees, the investment industry, regulators, government, civil society and businesses.

MEDIA COVERAGE

ESG Investor: [ESG Overload – ESG Investor](#)
 Room 151: [LAPFF alongside other investors call for climate vote at high-emitting companies – Room 151](#)
 IPE: [Investors coalition creates platform to strengthen human rights stewardship | News | IPE](#)
 The Point: [Global perspective: is ESG paying lip service to human rights? | The Point ESG News](#)
 Environmental Finance: [CCLA, LAPFF call for climate votes at 'high-emitting' sectors](#)
 Pensions & Investments: [U.K. investors turn up the heat on boards for climate transition plans](#)
 Sustainable Times: [Investors Managing £1.8 Trillion Rally for Climate Strategy Votes at Upcoming FTSE 350 AGMs](#)
 IPE: [Investor group calls for climate vote at high-emitting companies](#)
 Net zero investor: [£1.8trn investors call for climate vote at high-emitting companies](#)
 Funds- Europe.com: [Investors seek climate votes at high-risk firms](#)
 Pensions Age Magazine: [Investor group calls for climate vote at high carbon emitting FTSE 350 firms](#)
 TheMJ.co.uk: [Council pension funds call for climate vote](#)
 LocalGov.co.uk: [Council pension funds call for climate vote](#)
 Investment Week: [Investors overseeing £1.8tn in assets call for AGM votes on climate transition plans](#)

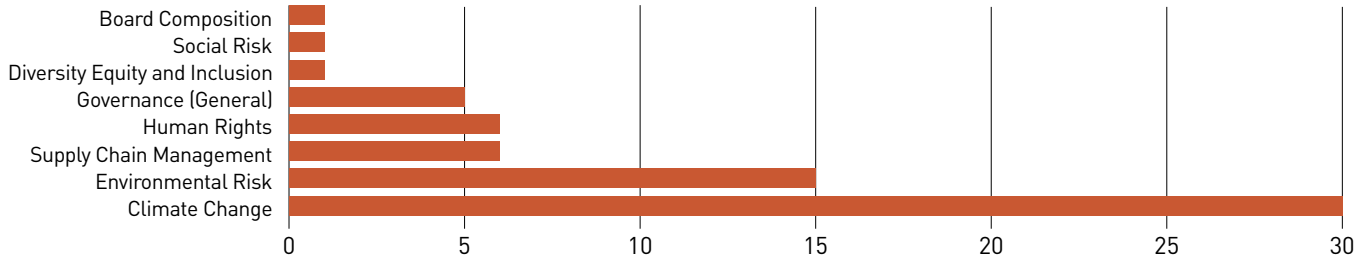
COMPANY PROGRESS REPORT

44 companies were engaged over the quarter.

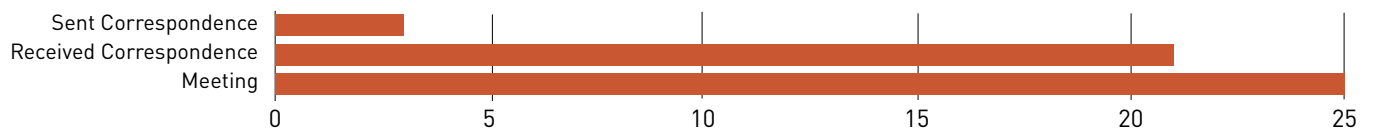
Company/Index	Activity	Topic	Outcome
Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Meeting	Environmental Risk	Dialogue
ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
AVIVA PLC	Meeting	Climate Change	Dialogue
AXA	Meeting	Climate Change	Moderate Improvement
BAE SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
BAKKAVOR GROUP PLC	Received Correspondence	Climate Change	Dialogue
BARCLAYS BANK PLC	Meeting	Governance (General)	Dialogue
BARCLAYS PLC	Received Correspondence	Climate Change	Dialogue
BP PLC	Meeting	Governance (General)	Dialogue
CENTAMIN PLC	Received Correspondence	Climate Change	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Change in Process
CRH PLC	Received Correspondence	Climate Change	Dialogue
EASYJET PLC	Received Correspondence	Climate Change	Dialogue
ENERGEAN PLC	Received Correspondence	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Sent Correspondence	Social Risk	Awaiting Response
FORD MOTOR COMPANY	Meeting	Supply Chain Management	Dialogue
FRESNILLO PLC	Received Correspondence	Climate Change	Dialogue
GLENCORE PLC	Meeting	Board Composition	Dialogue
HARBOUR ENERGY PLC	Received Correspondence	Climate Change	Dialogue
HSBC HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
INTERNATIONAL DISTRIBUTIONS SERVICES PLC	Sent Correspondence	Governance (General)	Awaiting Response
JOHN WOOD GROUP PLC	Received Correspondence	Climate Change	Dialogue
KKR & CO INC	Received Correspondence	Diversity Equity and Inclusion	Small Improvement
LEGAL & GENERAL GROUP PLC	Meeting	Environmental Risk	Dialogue
LLOYDS BANKING GROUP PLC	Meeting	Environmental Risk	Small Improvement
MERCEDES-BENZ GROUP AG	Meeting	Human Rights	Small Improvement
NATIONAL GRID GAS PLC	Meeting	Climate Change	Dialogue
NATWEST GROUP PLC	Received Correspondence	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Change in Process
PERSIMMON PLC	Meeting	Climate Change	Dialogue
PING AN INSURANCE GROUP	Meeting	Climate Change	Change in Process
PRUDENTIAL PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Moderate Improvement
RESTAURANT BRANDS INTERNATIONAL INC	Meeting	Supply Chain Management	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	No Improvement
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
SANOFI	Received Correspondence	Environmental Risk	Substantial Improvement
SAP SE	Meeting	Human Rights	Dialogue
SHELL PLC	Received Correspondence	Climate Change	Dialogue
STANDARD CHARTERED PLC	Received Correspondence	Climate Change	Dialogue
THE HOME DEPOT INC	Meeting	Supply Chain Management	Moderate Improvement
THE TJX COMPANIES INC.	Meeting	Environmental Risk	Small Improvement
TI FLUID SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
VALE SA	Meeting	Human Rights	Dialogue

ENGAGEMENT DATA

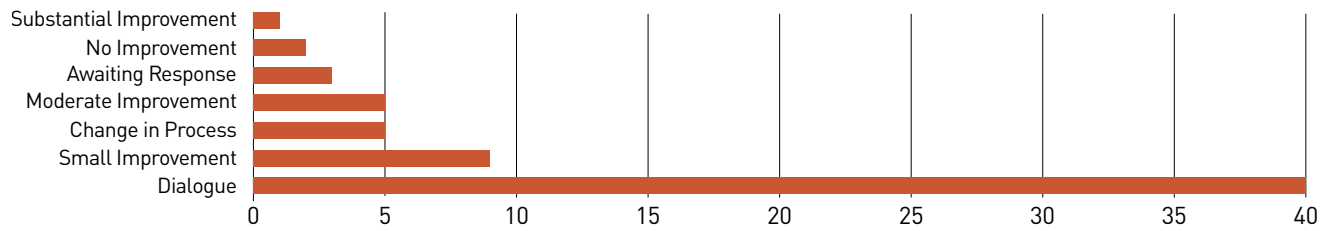
ENGAGEMENT TOPICS



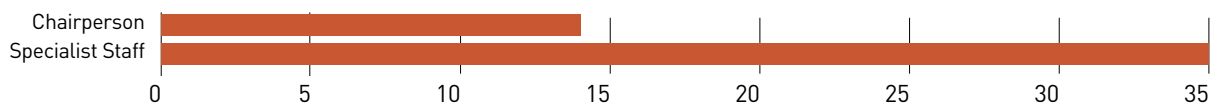
ACTIVITY



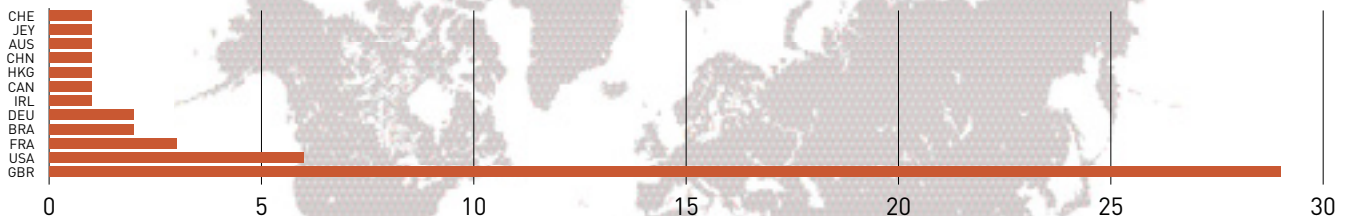
MEETING ENGAGEMENT OUTCOMES



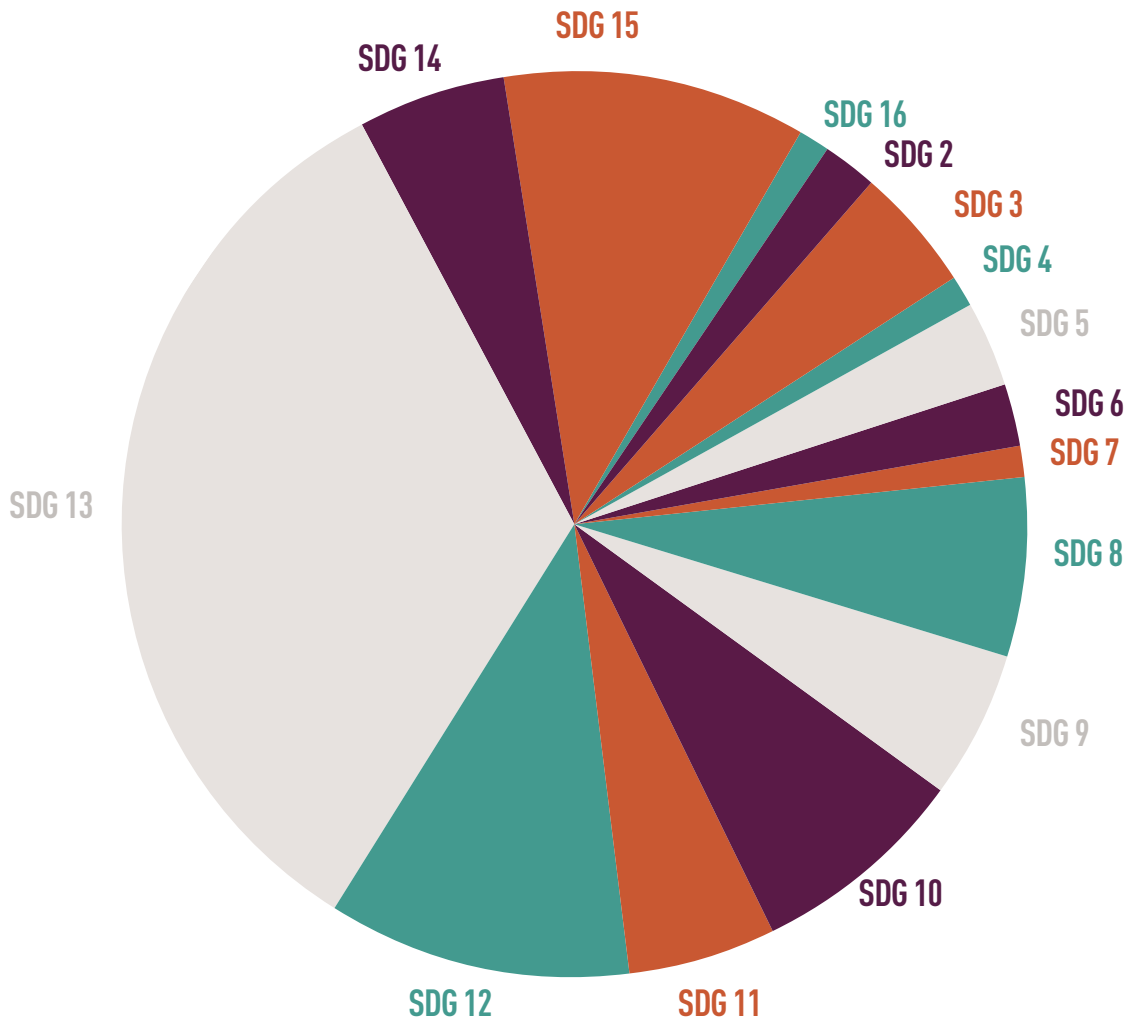
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	4
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	7
SDG 11: Sustainable Cities and Communities	5
SDG 12: Responsible Production and Consumption	10
SDG 13: Climate Action	31
SDG 14: Life Below Water	5
SDG 15: Life on Land	10
SDG 16: Peace, Justice, and Strong Institutions	1
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund	Enfield Pension Fund	London Pension Fund Authority	Swansea Pension Fund
Barking and Dagenham Pension Fund	Environment Agency Pension Fund	Lothian Pension Fund	Teesside Pension Fund
Barnet Pension Fund	Essex Pension Fund	Merseyside Pension Fund	Tower Hamlets Pension Fund
Bedfordshire Pension Fund	Falkirk Pension Fund	Merton Pension Fund	Tyne and Wear Pension Fund
Berkshire Pension Fund	Gloucestershire Pension Fund	Newham Pension Fund	Waltham Forest Pension Fund
Bexley (London Borough of)	Greater Gwent Pension Fund	Norfolk Pension Fund	Wandsworth Borough Council Pension Fund
Cambridgeshire Pension Fund	Greater Manchester Pension Fund	North East Scotland Pension Fund	Warwickshire Pension Fund
Camden Pension Fund	Greenwich Pension Fund	North Yorkshire Pension Fund	West Midlands Pension Fund
Cardiff & Glamorgan Pension Fund	Gwynedd Pension Fund	Northamptonshire Pension Fund	West Yorkshire Pension Fund
Cheshire Pension Fund	Hackney Pension Fund	Nottinghamshire Pension Fund	Westminster Pension Fund
City of London Corporation Pension Fund	Hammersmith and Fulham Pension Fund	Oxfordshire Pension Fund	Wiltshire Pension Fund
Ctwyd Pension Fund (Flintshire CC)	Haringey Pension Fund	Powys Pension Fund	Worcestershire Pension Fund
Cornwall Pension Fund	Harrow Pension Fund	Redbridge Pension Fund	
Croydon Pension Fund	Havering Pension Fund	Rhondda Cynon Taf Pension Fund	Pool Company Members
Cumbria Pension Fund	Hertfordshire Pension Fund	Shropshire Pension Fund	ACCESS Pool
Derbyshire Pension Fund	Hounslow Pension Fund	Somerset Pension Fund	Border to Coast Pensions Partnership
Devon Pension Fund	Islington Pension Fund	South Yorkshire Pension Authority	LGPS Central
Dorset Pension Fund	Kingston upon Thames Pension Fund	Southwark Pension Fund	Local Pensions Partnership
Durham Pension Fund	Lambeth Pension Fund	Staffordshire Pension Fund	London CIV
Dyfed Pension Fund	Lancashire County Pension Fund	Strathclyde Pension Fund	Northern LGPS
Ealing Pension Fund	Leicestershire Pension Fund	Suffolk Pension Fund	Wales Pension Partnership
East Riding Pension Fund	Lewisham Pension Fund	Surrey Pension Fund	
East Sussex Pension Fund	Lincolnshire Pension Fund	Sutton Pension Fund	

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

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PENSION POLICY & INVESTMENT COMMITTEE - 17.1.2024**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON WEDNESDAY, 17 JANUARY 2024****COUNCILLORS**

PRESENT Doug Taylor, Susan Erbil (Cabinet Member for Licensing, Planning and Regulatory Services), Sabri Ozaydin, Edward Smith and Ruby Sampson

ABSENT Gina Needs (Cabinet Member for Community Safety and Cohesion) and David Skelton

OFFICERS: Ravi Lakhani (Head of Pension Investments) and Petra Stephenson (Governance Officer).

Also Attending: Colin Cartwright (Associate Partner, Aon), and Carolan Dobson

1**WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting.

Apologies were received from the following: Cllr David Skelton who was substituted by Cllr Ruby Sampson, and Cllr Gina Needs.

2**DECLARATIONS OF INTEREST**

Cllr Ruby Sampson declared a Pecuniary interest she is a member of the LBE Pension Fund.

3**MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 15 November 2023 were **AGREED**.

4**CHAIR'S UPDATE**

The AGM is scheduled for the 5th March.

It will be online, in person and a drop-in session will also be available.

Existing Pensioners, Members, deferred and active contributors are encouraged to attend.

PENSION POLICY & INVESTMENT COMMITTEE - 17.1.2024

5

SOUTHGATE COLLEGE TRANSFER

Ravi Lakhani presented this item explaining that assets and liabilities should have transferred to Barnet College when it merged with Southgate College in 2011.

Actuaries for the Enfield Pension Fund and Barnet Pension fund, Aon, and Hymans Robertson respectively, have agreed the terms of the transfer.

The proposed date of transfer is the 1st April subject to Secretary of State consent. Should there be any delay in receiving this the transfer will also need to be delayed.

The basis for the transfer was **AGREED**.

6

PENSION FUND ANNUAL REPORT & STATEMENT OF ACCOUNTS

Ravi Lakhani presented this item highlighting key headlines from the statutory annual report and explained the principal reasons for negative investment performance in 2022/23.

Primary drivers for the negative investment performance were due to market conditions, the fall in equity markets and the fall in the value of the bond portfolio because of interest rates increasing.

Equity markets have recovered, and stabilised and bond yields have increased since that time.

Members suggested that in future a breakdown of the analysis of fees paid in respect of running a pension fund are in one place in the report with specifics to provide clarity. Or a separate report at a future meeting.

Members also requested a report on fee transparency and how it compares to other boroughs.

Action: Ravi Lakhani to bring a paper to the July PPIC meeting.

Members also sought clarity on the terminology and analysis on management fees and expenses for full knowledge and to understand consequences.

Action: Ravi Lakhani to provide a breakdown on fees and the fee level for each individual manager within the pension fund.

The report was **APPROVED**.

7

INVESTMENT UPDATE ON ENFIELD PENSION FUND INVESTMENTS & MANAGERS - PART 1 & PART 2 CONFIDENTIAL

PENSION POLICY & INVESTMENT COMMITTEE - 17.1.2024

The Chair requested that going forward the meeting is extended by an hour so that teaching on each asset class can be provided on a continued learning basis. In terms of the underlying way it works, what the performance is and what the future holds, in detail, so Members can learn and have an in-depth discussion.

Members **AGREED**.

Ravi Lakhani and Colin Cartwright (Consultant, Aon) presented this item providing a market update and an overview on current asset performance.

Action: Ravi Lakhani to decide on the priorities with respect to which asset classes should be reviewed for a deep dive and training,

Action: Ravi Lakhani/Colin Cartwright to share an additional paper with Members produced by Aon on the investment outlook for 2024.

Action: Ravi Lakhani to calculate LBE investments indifferent geographical markets.

The report and part 2 appendices were **NOTED**.

The Chair called for a 10-minute break.

8

**STRATEGIC ASSET ALLOCATION PAPER - PART 1 & PART 2
CONFIDENTIAL**

Following a brief adjournment, the meeting resumed.

Ravi Lakhani presented options for the Strategic Asset Allocation for the Enfield Pension Fund and recommendations.

Members are in favour of reviewing the Strategic Asset Allocation on an annual basis rather than every 3 years.

Next steps: The bond portfolio should be reviewed with the intention of reducing the number of managers to reduce complexity and possibly allocate to Private Credit.

Action: Ravi Lakhani is to organise an additional meeting in February for 2-3 hours for a training session to review the bond portfolio and the decision is to be taken at the March meeting in how to proceed

AGREED the proposed Strategic Asset Allocation.

9

UPDATE FROM PENSION BOARD

PENSION POLICY & INVESTMENT COMMITTEE - 17.1.2024

The Pension administration report provided a number of changes in relation to McCloud which is a highly complex issue affecting Pension Funds.

The Chair raised the idea of having the Pension Board immediately before or after the Pension Policy & Investment Committee, on the same day, next year. Members felt this was an excellent idea to be discussed with Governance.

**10
DATES OF FUTURE MEETINGS**

NOTED the dates of the future meetings:

Wednesday 20 March 2024.

**11
EXCLUSION OF THE PRESS AND PUBLIC**

If necessary, to consider passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting for any items of business moved to part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006). (Members are asked to refer to the part 2 agenda).

**12
PROCUREMENT AND APPOINTMENT OF ACTUARY**

Colin Cartwright (Aon) excused himself from the meeting.

Following a part 2 discussion the recommended appointment was **APPROVED**.

**13
INVESTMENT UPDATE ON ENFIELD PENSION FUND INVESTMENTS & MANAGERS**

Following a part 2 discussion the report was **NOTED & AGREED**.

**14
STRATEGIC ASSET ALLOCATION PAPER**

Following a part 2 discussion recommendation 2 was **AGREED**.