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LOCAL PENSION BOARD

Wednesday, 30th September, 2020 at 10.00 am
Virtual – Microsoft Teams Meeting

If you wish to attend this meeting, please contact Susan.O'Connell@enfield.gov.uk

Membership:

Councillors: Sinan Boztas, Ahmet Oykener and Andy Milne

AGENDA – PART 1

- 1. WELCOME AND APOLOGIES**
- 2. ELECTION OF CHAIR AND VICE CHAIR (5 MINUTES)**
- 3. DECLARATIONS OF INTEREST (5 MINUTES) CHAIR**

Members of the Council are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to the items on the agenda.
- 4. MINUTES OF THE MEETING 23 JANUARY 2020 (5 MINUTES) CHAIR**
(Pages 1 - 6)

To agree the minutes of the Local Pension Board meeting held of the 23 January 2020.
- 5. PRESENTATION - OVERVIEW OF LOCAL GOVERNMENT PENSION SCHEME (LGPS) INCLUDING THE GOVERNANCE ARRANGEMENTS (20 MINUTES) BOLA TOBUN**
- 6. LOCAL PENSION BOARD GENERAL REMIT AND ENFIELD PENSION BOARD WORK PLAN (10 MINUTES) BOLA TOBUN** (Pages 7 - 32)

- 7. PENSION ADMINISTRATION PERFORMANCE AND UPDATE (10 MINUTES) TIM O'CONNOR** (Pages 33 - 42)
- 8. DRAFT ENFIELD PENSION FUND ANNUAL REPORT (15 MINUTES) BOLA TOBUN** (Pages 43 - 240)
- 9. PENSION POLICY AND INVESTMENT COMMITTEE UPDATE (15 MINUTES) BOLA TOBUN** (Pages 241 - 256)

An update will be provided following the Pension Policy & Investment Committee meetings of 27 February, 23 July and 17 September.

10. ANY OTHER BUSINESS

11. DATES OF FUTURE MEETINGS

Members are asked to note the date of future meetings as follows:

- Wednesday 2 December 2020
- Wednesday 3 March 2021

All meetings to begin at 10am

MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 23RD JANUARY, 2020

MEMBERS: Councillors Ayfer Orhan, Paul Bishop (LPB Member), Tracey Adnan (LPB Member), Pauline Kettless (LPB Member) and Victor Ktorakis (LPB Member)

Officers:

Bola Tobun (Finance Manager), Tim O'Connor (Pension Manager) and Susan O'Connell (Governance & Scrutiny Officer)

419. WELCOME & INTRODUCTIONS

The Chair welcomed everyone to the meeting.

Apologies were received from Cllr Vicki Pite, Androulla Nicou, Gareth Robinson and Julie Barker.

420. DECLARATIONS OF INTEREST

Cllr Orhan declared a non-pecuniary interest as a family member is a member of a Local government Scheme.

Pauline Kettless declared a non-pecuniary interest as a member of a Local Government Scheme.

Paul Bishop declared a non-pecuniary interest as a member of a Local Government Scheme.

Tracey Adnan declared a non-pecuniary interest as a member of a Local Government Scheme.

Victor Ktorakis declared a non-pecuniary interest as a member of a Local Government Scheme.

421. MINUTES OF MEETING 17 OCTOBER 2019

The minutes of the meeting 17 October 2019 were agreed.

Matters arising regarding item 269 in the minutes. Members requested an update on the consultation. Bola Tobun advised that the formulation of investment beliefs of being carbon free took longer than expected. The legal team are now in the process of looking at this. The Chair of the PPIC will come to the Board and the consultation will take place at the AGM which is open to all scheme members. Scheme members will be invited to comment at this meeting.

LOCAL PENSION BOARD - 23.1.2020

Bola Tobun are currently working with AON to come up with questions. Ideas are still being worked through on the best way to put across the consultation to ensure that the questions used are not too leading or too open.

Board members expressed disappointment that this is now one year on and the consultation is still not concluded or firmed up.

In response to details on the AGM, Board members were advised that all active members and pensioners will be invited. The AGM will be held at the Dugdale in the daytime, probably between 12-3pm. Board members felt that this would reach a limited audience with many members being unable to attend, particularly those working in schools. They suggested a roadshow in addition to the AGM may reach more people. The Board added it should be at different venues and at different times a day. Retired members have a monthly meeting the consultation should come to one of these meetings.

The Board felt that AON should not be paid for this consultation and that there was no need to spend any money.

The Board would welcome the opportunity to comment on any suggestions for questions to be used in the consultation.

422. STANDING ITEMS

This is an offshoot from the Pensions Regulator (TPR) and page 5 of the agenda pack is the improvement plan to ensure that Enfield is in line with TPR policy.

Bola Tobun advised that Enfield is now either partially or fully compliant with most items. Where Enfield is compliant these actions have not been included, however the report that comes to the next meeting will include details of compliant items.

The following was highlighted:

- Page 16-Providing information to members and others- this information is in course.
- Page 23 details the schedule of employers' contributions, in December where it is coloured pink this means that at the time of running the report this information could not be verified.
- The Risk Register will be merged to include administration and other risks in future. It only contains the items with issues so that it is easier for the Board members to read.
- Where it states failure this usually refers to an internal issue/ lack of action. Now that there is a project team there will be more proactive work undertaken in future.
- In response to a query on Trivial Commutation, Board members were advised that this is when scheme members who have relatively small pensions can exchange their regular pensions payments for a one-off cash lump sum.

AGREED:

1. Recommendation i) Note the progress made on outstanding requirements on the Pension Regulator's compliance checklist and where further work is required and being undertaken as set out in Appendix 1
2. Recommendation ii) note the Schedule of employer Contribution as attached to this report as Appendix 2
3. Recommendation iii) Note the Risk Register and the impact and likelihood of events; attached to this report as Appendix 3.

423. INITIAL 2019 TRIENNIAL VALUATION RESULTS AND FUNDING STRATEGY STATEMENT

Bola Tobun advised that this is good news for the fund, it is now in a surplus position of £39.3 m from a deficit position of £131.9m as at 31 March 2016.

The following was highlighted:

- Page 9 of the report details and compares the results from 2016 to 2019. Attention was drawn to the Total Employer Contribution reducing from 22.8% in 2016 to 20% in 2019. Bola Tobun advised that this would have reduced further to 18.5% but kept at this level to factor in possible costs in respect of the McCloud judgement. Other London boroughs are not accounting for this or it was felt have accounted a too small an amount.
- The probability of funding success had increased from 69% in 2016 to 80% in 2019, this has been driven by market valuation. The discounted rate has reduced from 4.5% to 4.2% as the expected investment return is not predicted to be as good as in 2016.
- Page 15 details what the local authority is paying (20.2%) was previously 24.8%.
- The employer contribution rate will reduce with effect from April 2020. This decision was made by the PPIC in November 2019. The Board was disappointed that this had not been brought to the board for them to scrutinise and were not happy with this reduction.
- The Funding Strategy Statement contained with the agenda was felt to be very complex, difficult to understand and not user friendly. This should be written in a less complex manner. Bola Tobun agreed to take these comments back to the Actuary and that they could be invited to the Board to explain the strategy.
- Page 38 provided a summary of the assumptions that had been made.
- Page 10 contains a table detailing how the 39.3m surplus is made up.
- It was confirmed that the employee will not see a reduction. This rate is set by the Government.
- Following a query on if employer contribution reduces, where will money come from if there is a gap. It was confirmed that this is not pension fund contribution and will not impact on PAYE.

LOCAL PENSION BOARD - 23.1.2020

- Concern was raised that lots of assumptions have been made in a very volatile environment. It is unknown what effect leaving the European Union will have and should we be dropping employer contributions at this time. Bola Tobun and actuaries have looked at this in detail, many different scenarios have been examined, to ensure that sound advice is provided. If there is a shortfall employers' contributions will then go up.
- Guard sections 13 Report will come back to Board with Enfield funding position in relation to other LGPS funds this is due out in July and will help provide a better understanding of PPIC decision.
- Bola Tobun said that for next valuation year, timings of meetings of board could be looked at to take into account timing of PPIC taking decisions and sharing in the wider realm. Board could meet shortly after PPIC so that they can scrutinise budget setting and consultation period if the meetings were close together.

The Board agreed the following statement:

The Board was disappointed that the Initial Triennial Valuation Results and Funding Strategy Statement did not come to the Local Pension Board prior to the decision being communicated to the wider audience. Further concern was expressed by the Board at the reduction to the employer contribution rate given the uncertainty in the current financial climate. The Board felt that it was inappropriate to have reduced the contribution in the light of the current financial climate. Timings of the Board meetings should compliment those of the PPIC meetings in order for the Local Pension Board to consider reports and decisions in a timely manner so that they can contribute to those decisions prior to the decisions being communicated more widely.

424. PENSION ADMINISTRATION PERFORMANCE AND UPDATE

Tim O'Connor advised that there was not a lot to report since October's meeting. The stats that had been provided were for quarter three and were both pleasing.

For the next quarter further charts are being developed which will include more details. There will also be a whole year's information on starters.

He highlighted the following:

- The overall work outstanding has reduced by 35.5% when compared between 1/1/2019 and 31/12/2019.
- An upgrade to our Member self-service function is commencing shortly, which will enable all scheme members to be able to see their records and run estimates, the new version will be accessible by mobile and ipads, which currently is not available. This will also eventually be available to both former and retired members, but the upgrade will start firstly for active members, then deferred and then pensioners.
- Meeting will take place with employers after upgrade to showcase what Enfield has to offer. Payroll now have systems in place such as electronic payslips.

LOCAL PENSION BOARD - 23.1.2020

- Following the December valuation with employers and coverage of the iConnect employer system. An employer who had previously moved to an alternative payroll provider has decided to re-join Enfield Payroll system as the current alternative service they have received has not been as good. Further discussions with other employers with outsourced payroll providers are planned.

425. REVIEW OF GOVERNANCE COMPLIANCE STATEMENT

This report had not been included in the agenda pack so will be carried forward to the next meeting. Bola Tobun agreed to email this report out to Board members in the time being and invited any questions on this to her by email.

ACTION: Bola Tobun

426. PROCEDURES FOR RECORDING AND REPORTING BREACHES OF THE LAW

Bola Tobun advised that there is a statutory obligation to report 'materially significant' breaches of the law to the Pensions Regulator. The legal requirements are detailed on pages 87 onwards.

Enfield's own policy for recording and reporting is detailed on page 95 onwards, with page 99 containing a decision tree on deciding whether to report.

The Chair would like a mini training session on this issue, a workshop could be offered with dates after 10am in the morning could be circulated. It was then suggested that this could be linked to the next Board meeting and the agenda for this meeting be reduced so could do both.

Further discussions took place around online training. It was felt would be helpful if there was a process where members could undertake online training together. Bola Tobun and Tim O'Connor agreed they would look into this further.

Action: Bola Tobun and Tim O'Connor

AGREED

1. Recommendation i) note the contents of this report and attached Appendix 1
2. Recommendation ii) note the Enfield Pension Fund Procedure for Recording and Reporting Breaches (at Appendix 2) as it relates to the Pension Board.

427. CONFLICT OF INTEREST POLICY

Bola Tobun advised that in order to ensure compliance with both the Regulations and the code of Practice for Public Service Pension Schemes an Enfield Pension Fund Conflicts of Interest Policy must be in place. This was attached in the agenda papers as appendix 2.

AGREED

1. Recommendation i) note the contents of this report and attached Appendix 1
2. Recommendation ii) note the Enfield Pension Fund Conflict of Interest Policy attached to this report as Appendix 2
3. Recommendation iii) to complete declaration of interest in respect of their position as members of the Enfield Pension Fund Local Pension Board as set out in Appendix B of the Enfield Pension Fund Conflict of Interest Policy.

428. REVIEW OF TRAINING AND DEVELOPMENT POLICY AND MEMBER TRAINING NEEDS ANALYSIS

Page 139 details the 8 key areas in the Technical Skills and Knowledge Framework. Bola Tobun advised the Board members they need to let her know if there is any particular area that they would like to focus on.

Appendix 2 contained Learning needs analysis and training requirements (pages 1440-148). Bola agreed that she would email this round separately to board members.

Appendix 3 had not been attached Bola agreed to email this out to Board Members

Action Bola Tobun re Appendix 2 and 3

429. UPDATE FROM PENSION POLICY & INVESTMENT COMMITTEE MEETING 21 NOVEMBER

Board members had no comments on these minutes.

In response to a query on when the Training policy will be ready Board members were advised that this will be going to the PPIC meeting in February and will then come to the next Local Pension board meeting.

Members would like to receive information on the London CIPFA at its next meeting.

430. DATE OF FUTURE MEETINGS

The date of the next meeting was noted.

ENFIELD PENSION BOARD

Subject: Local Pension Board General Remit and Enfield Pension Board Work Plan for 2020/21

Cabinet Member: Cllr Maguire

Executive Director: Fay Hammond

Key Decision: []

Purpose of Report

1. This report outlines the general remit of a local pension board and the indicative Work Plan for 2020/21 for the Enfield Pensions Board.
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.
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.

Proposal(s)

6. The Pension Board is recommended to:
 - a) note the contents of this report;
 - b) note the pension board terms of reference attached as Appendix 1: and
 - c) note and approve the work plan for 2020/21 attached as Appendix 2.

Reason for Proposal(s)

7. The indicative work plan 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 Plan 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.
8. 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.

Relevance to the Council's Corporate Plan

9. Good homes in well-connected neighbourhoods.
10. Build our Economy to create a thriving place.
11. Sustain Strong and healthy Communities.

Background

OVERVIEW OF THE WORK OF THE COMMITTEE

12. 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.
13. Although it is still relatively early days in terms of the establishment of Pension Boards in the Local Government Pension Scheme (LGPS), there has been a range of approaches to the way that Boards are established, and the matters being considered by individual boards.
14. At the time the local Pension Boards were being established, the National Scheme Advisory Board issued a Q&A for Pension Boards that included a question on the role of the Board is and it is worth covering the response on this from the Scheme Advisory Board:

15. **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 new code of practice no. 14 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.
16. The following extract from Schedule A in the full guidance on the establishment and operation of local Pension Boards sets out an example of the remit of a Local Pension Board.

SCHEDULE A

Remit of a Local Pension Board

Administering Authorities should remember that the Local Pension Board does not replace the Administering Authority or make decisions or carry out other duties which are the responsibility of the Administering Authority.

- 1) 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 of Practice.
 - 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 Investment Strategy Statement.
 - 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 scheme annual report.
 - n) Review the compliance of particular cases, projects or process on request of the Committee.
 - o) Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.
- 2) 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 core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.
17. 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.
18. 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.
19. Schedule A has been added as an example only - it should not be considered an exhaustive list and full consideration should be given locally to the remit of the Local Pension Board.
20. 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.
21. 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.
22. The Key Performance Indicators cover the following areas:
- a. Investment performance
 - b. Funding level
 - c. Death benefit administration
 - d. Retirement administration
 - e. Benefit statements
 - f. New Joiners
 - g. Transfers in and out

- h. Employer and member satisfaction
 - i. Data quality
 - j. Contributions monitoring
 - k. Overall administration cost
 - l. Audit
23. In line with best practice, a schedule of Pension Fund key performance indicators (KPIs) covering investment and administration practices, will be provided at Pensions Board meetings.
24. An annual Work Plan will be presented 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.

WORK PLAN

25. 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 Plan has been developed using the below outline action plan.

ACTIVITY	PURPOSE
Administration & Governance	
Member training on specific and general issues	To provide training on specific issues based on identified need or emerging/ current issues. To provide ongoing training to members to enable them to challenge the advice received and equip them with the tools to enter into constructive dialogue with advisers.
Pensions Board to receive key performance indicators report on a quarterly basis	To ensure scheme is run in accordance with agreed service standards; and compliance with regulations and to deal with and rectify any errors and complaints in a timely way.
Review the current pension administration strategy	To ensure scheme is run in accordance with the rules.
Review and refresh key policy documents; the Investment Strategy Statement, Funding Strategy Statement, Governance & Communications Policy Statement as necessary (i.e. where significant changes are made)	Seek pension committee approval and formally publish any updated documents where this is deemed appropriate.
Review on-line functionality of	To ensure pension specific website is running

pensions specific website or microsite	with agreed service standards with easy access for employers and members for operational usage. The site to include details on pension administration information & forms, investments and accounts, annual reports. To provide a platform for on-line training facilities.
Investment & Accounting	
Draft Pension Fund Annual Accounts approved by the Executive Director of Resources by July 2019	To ensure that the Council meets the regulatory timetable and fulfils its stewardship role to the Fund.
Audited Pension Fund Annual Report to be published on or before the statutory deadline of 1 December 2019	Ensure that the Council fulfils its statutory obligation and to keep members abreast of the Pension Fund activities in a transparent and accessible way.
Scrutinise and Review the Fund investment strategy	To ensure that the Fund's investment strategy is optimal. There are no current plans for a major investment strategy review over the financial year, although manager underperformance / market developments may require a review of Strategy.
Review of (Actuarial, Investment Consultant and Independent Adviser and Custodian Services)	This may not lead to full re-tendering for these services, but reviews will be commissioned to ensure that the Fund is still receiving good value for its major services. All options will be considered in the review including joining existing framework contracts.
Training, review preparation and process of 2019, Triennial Valuation of Pension Fund Assets and Liabilities	The Fund is bound by legislation to undertake an actuarial valuation of its assets and liabilities to ensure that appropriate future contribution rates are set and that any Fund deficit is recovered over an appropriate period of time in line with the Fund's Strategy Statement. This report will present to Members the outcome of this exercise.

Safeguarding Implications

26. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

Public Health Implications

27. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

Equalities Impact of the Proposal

28. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

Environmental and Climate Change Considerations

29. There are no environmental and climate change considerations arising from this report.

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

30. The adoption of a work plan 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.
31. Lack of robust governance inevitably involves a degree of risk. The successful identification, monitoring and control of risk are therefore central to the Council's pension fund management.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

32. Not approving the report recommendations and not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

Financial Implications

33. This report details the pension board remit and draft work plan for 2020/21. There are no specific financial implications arising from this report and any costs associated with delivering the pension board workplan will be met by the pension fund.

Legal Implications

34. 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.
35. To that end, it is necessary and appropriate for the Pensions Board to have a Work Plan that sets out in detail how it will fulfil its role and comply with its

statutory duties. This Work Plan provides for Board members to be well trained and kept up to date and thus fit for purpose.

36. When making decisions regarding investment of pension funds, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

Workforce Implications

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

Property Implications

38. None

Other Implications

39. None

Options Considered

40. The development and implementation of a work plan should ensure that a structured approach is in place for the monitoring and management of the Pension Fund. This should in turn ensure that the Council meets its statutory obligations as administering authority to the Fund. However, the Committee is under no obligation to adopt a work plan in carrying out its duties.

Conclusions

41. The performance of the Pension Fund investments affects the required level of contributions due from employers.
42. Sound financial management of the Pension Fund, including work plan and budget-setting, helps ensure that the Pension Fund is run in an efficient and cost-effective manner. Poor management of the Pension Fund finances would result in increased costs, which would need to be met through higher employer contributions to the Pension Fund.

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Date of report 14th September 2020

Appendices

Appendix 1 – LB Enfield Pension Board Terms of Reference
Appendix 2 – Pension Board Work Plan for 2020/21

Background Papers - None

LOCAL PENSION BOARD OF LONDON BOROUGH OF ENFIELD TERMS OF REFERENCE

Introduction

1. This document sets out the terms of reference of the Local Pension Board of LONDON BOROUGH OF ENFIELD (the 'Administering Authority') 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).
2. The Board is established by the Administering Authority and operates independently of the Committee. Relevant information about its creation and operation are contained in these Terms of Reference.
3. 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.
4. Except where approval has been granted under regulation 106(2) of the Regulations the Board shall be constituted separately from any committee or sub-committee constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

Interpretation

5. The following terms have the meanings as outlined below:

'the Act'	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 committee who has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972 (i.e. the Pensions Committee at LBE).
'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

6. The purpose of the Board is to assist¹ 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

7. 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 members².

Establishment

The Board is established on [01 APRIL 2015] subsequent to approval by FULL COUNCIL on 25 MARCH 2015.

As stated above, the Pensions Board is not explicitly bound by the rules governing Committees established under Section 101 of the Local Government Act 1972, however, for consistency and best practice, the Pensions Board will, where practicable and subject to specific rules set out in these Terms of

¹ Please see paragraph 3.28 of the Guidance for more information on what assisting the Administering Authority means.

² See paragraphs 7.9 to 7.11 of the Guidance for more information on a Code of Conduct for Boards.

Reference, operate in the same way as the Council's other Committees as set out in the Constitution. This includes the Council Procedure Rules relating to:

- Notice and summons to meetings
- Chair of meeting (except in relation to casting votes)
- Quorum
- Duration of meetings
- Cancellation of meetings
- Voting (certain rules)
- Minutes
- Petitions
- Record of Attendance
- Exclusion of the Public
- Members' Conduct
- Disturbance by Public
- Suspension of Amendment of Council Procedure Rules
- Access to Information Procedure Rules
- Code of Conduct for Members – with specific reference to registering and disclosing interests.
- Members' Allowance Scheme – with particular reference to allowances and expenses payable.

Membership

8. The Board shall consist of eight voting members, as follows:
 - a. Four Member Representatives; and
 - b. Four Employer Representatives.
 - c. There shall be an equal number of Member and Employer Representatives.
9. Member representatives shall either be scheme members³ or have capacity to represent scheme members of the Fund.
10. Member representatives should be able to demonstrate their capacity⁴ to attend and complete the necessary preparation for meetings and participate in training as required.
11. Substitutes SHALL NOT be appointed.
12. A total of FOUR scheme member representatives shall be appointed⁵ by the Staff Side after a nomination and selection process with a view to representing

³ Active, deferred or pensioner members

⁴ See paragraphs 5.16 to 5.20 of the Guidance which outlines what 'capacity' in this context means.

⁵ See paragraphs 5.25 to 5.28 of the Guidance for further information on the process for appointing member representatives.

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.

Employer representatives

13. FOUR Employer Representatives, THREE of whom shall be Councillors appointed by the Council and the remaining ONE member shall be appointed by the Administering Authority from nominees of admitted and scheduled bodies.
14. Employer representatives shall be an office holder or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
15. Employer representatives should be able to demonstrate their capacity⁶ to attend and complete the necessary preparation for meetings and participate in training as required.
16. Substitutes SHALL NOT be appointed.

Appointment of chair

17. Subject to the meeting arrangements in paragraphs 30 to 32 below a chair shall be appointed for the Board as set out below:

Duties of chair

18. The chair of the Board:
 - (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference,
 - (b) Shall ensure that meetings are productive and effective, and 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.

Notification of appointments

19. When appointments to the Board have been made the Administering Authority shall publish the name of Board members, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

⁶ See paragraphs 5.16 to 5.20 of the Guidance which outlines what 'capacity' in this context means.

Terms of Office⁷

20. The term of office for Board members is FOUR years.
21. Extensions to terms of office may be made by the Administering Authority with the agreement of the Board.
22. A Board member may be appointed for further terms of office using the methods set out in paragraphs 9 and 16.
23. Board membership may be terminated prior to the end of the term of office due to:
 - (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund⁸.
 - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
 - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (d) A Board member no longer being able to demonstrate to LONDON BOROUGH OF ENFIELD their capacity to attend and prepare for meetings or to participate in required training.
 - (e) The representative being withdrawn by the nominating body and a replacement identified.
 - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
 - (g) A Board member who is an elected member becomes a member of the Pensions Committee.
 - (h) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

Conflicts of interest⁹

24. 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.
25. 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.
26. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure

⁷ See paragraphs 5.29 and 5.30 of the Guidance which outlines points to consider when setting out the term of office for Board members. In particular consideration should be given to allowing members to retire on a rolling basis to ensure experience is retained.

⁸ This includes active, deferred and pensioner members.

⁹ See section 7 of the Guidance for more information on Conflicts of Interest.

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)¹⁰

27. 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 in paragraph 6 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.
28. 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.
29. Board members shall 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

30. The Board shall as a minimum meet TWO times¹¹ each year.
31. Meetings shall normally take place between the hours of [09:00] and [21:00] at LBE CIVIC CENTRE.
32. 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.

Quorum

33. A meeting is only quorate when at least two persons of each member and employer representatives are present including the chair. Or 50% of both member and employer representatives are present.
34. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Board administration

35. The Chair shall agree with the FUND OFFICER an agenda prior to each Board meeting.

¹⁰ See section 6 of the Guidance for more information on Knowledge and Understanding.

¹¹ See 5.35.11 in Guidance for more advice on the number of meetings to hold each year.

36. The agenda and supporting papers will be issued by AN OFFICER FROM DEMOCRATIC SERVICES (the 'Board Secretary') at least SEVEN working days (where practicable) in advance of the meeting except in the case of matters of urgency.
37. Draft minutes of each meeting including all actions and agreements will be recorded and published by AN OFFICER FROM DEMOCRATIC SERVICES (the 'Board Secretary') within TWENTY - ONE working days of 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.
38. Where necessary any information considered exempt as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or considered confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998 shall be included in a Part II minute that is not made available to the public.
39. The Board Secretary, in consultation with [Finance Manager (Pension & Treasury)] shall support Board members in maintaining their knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.
40. The Board Secretary shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.
41. The Board Secretary shall ensure an attendance record is maintained along with advising the Administering Authority on allowances and expenses to be paid under these terms.
42. The Board Secretary shall liaise with the Administering Authority on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.

Public access to Board meetings and information

43. The Board meetings will 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).
44. The following will be entitled to attend Board meetings in an observer capacity:
 - (a) *Members of the Pensions Policy & Investment Committee,*
 - (b) *Any person requested to attend by the Board.*

Any attendees will be permitted to speak at the discretion of the Chair.

45. In accordance with the Act the Administering Authority shall publish 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.
46. The Administering Authority shall also publish other information about the Board including:
 - (a) Agendas and minutes
 - (b) Training and attendance logs
 - (c) An annual report on the work of the Board to be included in the Fund's own annual report.
47. All or some of this information may be published using the following means or other means as considered appropriate from time to time:
 - (a) On the Fund's website.
 - (b) As part of the Fund's Annual Report.
 - (c) As part of the Governance Compliance Statement.

48. 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.

Expenses and allowances¹²

49. The Administering Authority SHALL meet the expenses of Board members in line with the Administering Authority's policy on expenses as set out in the Members Allowances Scheme

Budget

50. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund and determined by:

- a) *The Board will seek approval from the Executive Director of Resources for any expenditure it wishes to make.*

¹² Provision for the payment of expenses and allowances is a decision to be made locally by each Administering Authority. Full consideration should be given to information in Guidance - see section 9 and paragraphs 5.18 and 5.35.17 for more information. Administering authorities should aim to ensure that no Board member is either better or worse off as a result of fulfilling their duties as a member of the Board.

Core functions¹³

51. The first core function of the Board is to assist¹⁴ 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 scheme member and employer communications as required by the Regulations and relevant legislation.*
- e) *Monitor complaints and performance on the administration and governance of the scheme.*
- f) *Assist with the application of the Internal Dispute Resolution Process.*
- g) *Review the complete and proper exercise of Pensions Ombudsman cases.*
- h) *Review the implementation of revised policies and procedures following changes to the Scheme.*
- i) *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.*
- j) *Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.*
- 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.*

52. 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:

¹³ In determining the role of the Board, further information can be found in paragraphs 3.27 to 3.29 of the Guidance.

¹⁴ Please see paragraph 3.28 of the Guidance for more information on what assisting the Administering Authority means.

- a) Assist with the development of improved customer services.
 - b) Monitor performance of administration and governance 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.
53. In support of its core functions the Board may make a request for information to the Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.
54. In support of its core functions the Board may make recommendations to the Committee which should be considered, and a response made to the Board on the outcome within a reasonable period of time.
- Reporting¹⁵**
55. The Board should in the first instance report its requests, recommendations or concerns to the Committee. In support of this any member of the Board may attend a Committee meeting as an observer.
56. Requests and recommendations should be reported under the provisions of paragraphs 59 and 60 above.
57. The Board should report any concerns over a decision made by the Committee to the Committee subject to the agreement of at least 50% of voting Board members provided that all voting members are present. If not, all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
58. On receipt of a report under paragraph 63 above the Committee should, within a reasonable period, consider and respond to the Board.

¹⁵ See section 8 of the Guidance for more information on Reporting.

59. Where the Board is not satisfied with the response received it may request that a notice of its concern be placed on the website and in the Fund's annual report.
60. Where the Board is satisfied that there has been a breach of regulation which has been reported to the Committee under paragraph 63 and has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.
61. The appropriate internal route for escalation is to the Monitoring Officer and/or Acting Executive Director of Resources, the Section 151 Officer.
62. The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.
63. 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

64. These Terms of Reference shall be reviewed on each material change to those parts of the Regulations covering local pension boards and at least every THREE years.
65. These Terms of Reference was reviewed and agreed at the Board meeting of [17 OCTOBER 2019].

.....
Signed on behalf of the Administering Authority

.....
Signed on behalf of the Board

Published 17 October 2019

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Appendix 2

PENSIONS BOARD

Draft Work Plan

For

2020/21

Date of Meeting	Title of Report	In-line with PB Terms of Reference (no.)	Responsible Officer
December 20	Training/Presentation – Fund Performance	50i	Finance Manager (Pension & Treasury)/External
	Received, Note/Review Pensions Policy & Investment Committee Meetings agenda (reports & minutes)	50a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	50c & 51b	Pensions Manager
	Review of Communications Policy Statement	50e & 50i	Pensions Manager
	Review Asset Voting, Engagement Processes & Compliance with the UK Stewardship Code	51j	Finance Manager (Pension & Treasury)
	Review of Training and Development Policy and Member Training Needs Analysis	50i & 50j	Finance Manager (Pension & Treasury)
	Review of Governance Compliance Statement	50d, 50e & 51g	Finance Manager (Pension & Treasury)
	Receive and Review Internal and External Audit Reports	51e & 50i	Finance Manager (Pension & Treasury)
	Review the formal actuarial valuation process and outcomes	51h	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
March 2021	Training / Presentation - Valuation	50i	Finance Manager (Pension & Treasury)/External
	Received, Note/Review Pensions Policy & Investment Committee Meetings agenda (reports & minutes)	50a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	50c & 51b	Pensions Manager
	Review of Risk Management Policy and Risk Register	56f	Pensions Manager & Finance Manager (Pension & Treasury)

	Review of Investment Strategy Statement	55d & 55i	Finance Manager (Pension & Treasury)
	Review of Customer Services Survey	51a	Pensions Manager
	Review Asset Voting, Engagement Processes & Compliance with the UK Stewardship Code	51j	Finance Manager (Pension & Treasury)
	Review the Performance and Contracts of Service Providers to the Fund	51c	Finance Manager (Pension & Treasury)
	Review of Funding Strategy Statement	50d & 50i	Finance Manager (Pension & Treasury)
	Receive Pension Board Work Plan 2021/22	50i & 50j	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various

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London Borough of Enfield**Pension Board****30 September 2020****Subject:** **Pension Team Update****Cabinet Member:** **Cllr Maguire****Executive Director:** **Executive Director Resources****Purpose of Report**

1. The purpose of this report is to provide The Local Pension Board with an update on issues, developments and performance.

Proposal

2. Pension Board is recommended to note the contents of this update

Reason for Proposal(s)

3. No actions are required.

Background**General Updates**

4. The general update covers impact of Covid-19 on the work of the team, the attest on the upgrade to Member Self Service, Pension Fund branding, access to Tell Us Once and the issue of Annual Benefit Statements.
5. Due to the onset of the Covid-19 epidemic in March the Pension Team transitioned from working at Thomas Hardy House to permanently working from home. The service was not disrupted although the team did experience an increase in member queries and requests.
6. In April the upgrade to Member Service Self (MSS) went live. MSS is currently available to active members. The plan is to roll MSS out to deferred members and pensioners before the end of the year. MSS enables members to check and amend their personal data, access forms and information as well as run future benefit estimates.
7. Currently 609 members have signed up to use MSS, with 110 registering on the system since April. The team has started a project to increase registration by advertising and sign posting members to the site.
8. Most Pension Funds have adopted branding to help their members recognise the Fund they are a member of and to provide members with a trusted, consistent, professional look and feel that they have confidence in.

9. Currently the Fund lacks consistency and is disjointed in terms of the look of the website, MSS, benefit statements, documents, letters and emails sent out to members and employers.
10. The Pensions Administration Team has been working with the Council's internal design and print service who have creative an initial design in four colours which are attached in Appendix One.
11. Once the branding and colour scheme is agreed it will be used for the following:
 - Pension website
 - MMS site
 - Annual Pension Fund Report
 - Investment reporting
 - Annual benefit statements
 - All letter heads – from both admin and investments
 - Newsletters
 - New Employer pack for new admission bodies
 - Reports to Pensions Board
 - Reports to Pensions Committee

12. The cost of the design work is:
 - Brand design: £450
 - Leaflet artwork: £100
 - Fact sheets: £150
 - Newsletter: £200
 - Stationary: £50
13. The Pension Team now has access to the Tell Us Once Service. This enables the Team to access registered deaths in the UK and cross reference against membership data.
14. In August Annual Benefit Statements were issued to current and deferred members. The Team are currently dealing with an increase in membership queries as a result.

Performance

15. The two tables below set out work completed from April to June (Quarter 1) against targets.

Table One: Specific Targets

Activity	Target (Working days)	Total Cases processed	% achieved within target
Retirements	25	69	88%
Deaths	40	38	100%
Transfers In	45	12	75%
Transfers Out	15	8	63%
Deferred Benefits	15	390	68%
Opt outs	15	36	100%
Statutory notice	5	464	92%

Table Two: Miscellaneous Activity and Requests

Activity	Total Cases processed	Number completed within target	% achieved within target
Miscellaneous	1,919	1,647	86%

Report Author: Tim O'Connor
Pensions Manager
tim.o'connor@enfield.gov.uk
02083798905

12 September 2020

Appendices

Appendix One: Pension Funding Branding

Background Papers

None

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BUSINESS CARD



The Pensions Section
Exchequer Services
Enfield Council
PO Box 54
Civic Centre
Enfield
EN1 3XY

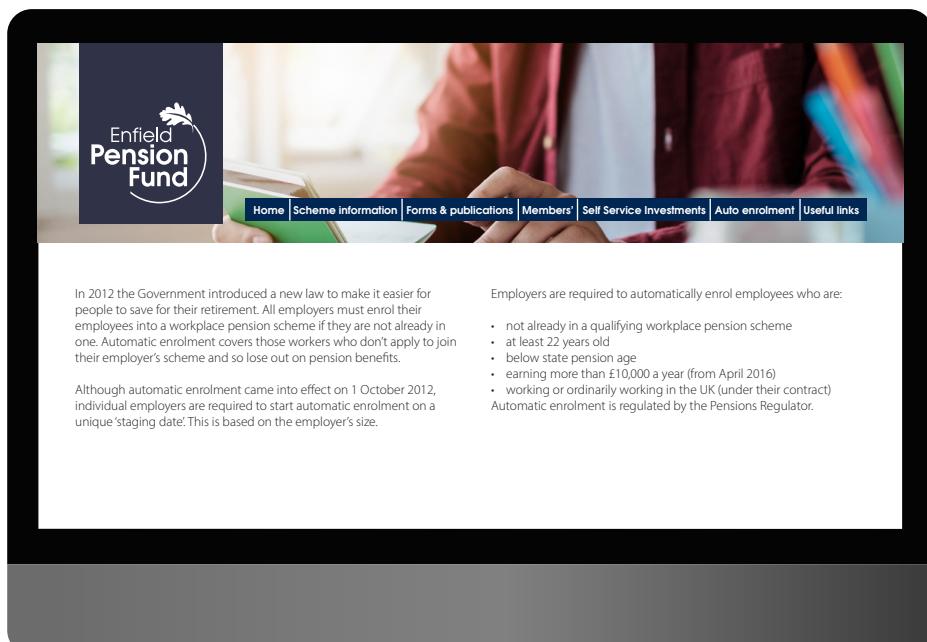


EMAIL-FOOTER

LETTERHEAD



WEBSITE



In 2012 the Government introduced a new law to make it easier for people to save for their retirement. All employers must enrol their employees into a workplace pension scheme if they are not already in one. Automatic enrolment covers those workers who don't apply to join their employer's scheme and so lose out on pension benefits.

Although automatic enrolment came into effect on 1 October 2012, individual employers are required to start automatic enrolment on a unique 'staging date'. This is based on the employer's size.

Employers are required to automatically enrol employees who are:

- not already in a qualifying workplace pension scheme
 - at least 22 years old
 - below state pension age
 - earning more than £10,000 a year (from April 2016)
 - working or ordinarily working in the UK (under their contract)
- Automatic enrolment is regulated by the Pensions Regulator.

INCREASED FLEXIBILITY

Your Normal Pension Age is simply the age when you can retire and take the pension you have built up in full. However, you will have increased flexibility from April 2014 over when you can retire and take your pension. You will be able to choose to retire and draw your pension at any time between age 55 and 75.

If you choose to take your pension before your Normal Pension Age it will normally be reduced, as it's being paid earlier. If you take it later than your Normal Pension Age it's increased because it's being paid later.

NORMAL PENSION AGE

For the pension you build up from 1 April 2014, your Normal Pension Age is not fixed at age 65 but, instead, is the same as your State Pension Age (but with a bit of a difference). You can check your State Pension Age by looking up your National Insurance number. For a table showing the different ages including all proposed changes to State Pension Age please visit: www.gov.uk/government/uploads/system/uploads/attachment_data/file/33777/timetable.pdf.

LEAFLET

Page 40



Local Government Pension Scheme (LGPS) FACTSHEET



PENSIONS TAXATION - ANNUAL ALLOWANCE

HM Revenue and Customs impose two controls on the amount of pension savings you can make without having to pay extra tax. These controls are known as the Annual Allowance and Lifetime Allowance. This is in addition to any income tax you pay on your pension once it is in payment.

This factsheet looks at the Annual Allowance which is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. For information on the Lifetime Allowance please refer the Lifetime Allowance factsheet.

WHAT IS THE ANNUAL ALLOWANCE?

The Annual Allowance (AA) is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. This is in addition to any income tax you pay on your pension once it is in payment.

If the value of your pension savings in any one year (including pension savings outside of the LGPS) are in excess of the AA limit, the excess will be taxed as income.

The Government reduced the AA limit from £255,000 to £50,000 from 6 April 2011 and then reduced it again to £40,000 from 6 April 2014. Further changes to the AA are being made for higher earners from 6 April 2016, which has resulted in special transitional rules for the 2015/16 tax year. These changes are covered in more detail later in this factsheet.

Pension Input Period	Annual Allowance
1 April 2011 to 31 March 2012	£50,000
1 April 2012 to 31 March 2013	£50,000
1 April 2013 to 31 March 2014	£50,000
1 April 2014 to 31 March 2015	£40,000
1 April 2015 to 5 April 2016	£80,000 (transitional rules apply)
6 April 2016 to 5 April 2017	£40,000 (unless tapering applies)



AM I LIKELY TO BE AFFECTED BY THE ANNUAL ALLOWANCE?

Most people will not be affected by the AA tax charge because the value of their pension saving will not increase in a year by more than £40,000, or, if it does they are likely to have unused allowance from previous years that can be carried forward.

You are most likely to be affected if:

- you have a lot of scheme membership and you receive a significant pay increase, and/or;
- you pay a high level of additional contributions, and/or;
- you are a higher earner, and/or;
- you transfer pension rights into the LGPS from a previous public sector pension scheme¹ under the preferential club transfer rules and your salary (full time equivalent) upon joining the LGPS is somewhat higher than the salary you earned when you left the previous scheme, and/or;
- you combine a previous LGPS pension benefit that was built up in the final salary section of the LGPS with your current pension account and your salary (full time equivalent) has increased significantly since leaving and re-joining the scheme, and/or;
- you have accessed flexible benefits on or after 6 April 2015

Your Pension Fund will inform you if your LGPS pension savings exceed the AA limit in any year by no later than 6 October of the following year.

ISSUE 15

Exchequer Services PAYROLL & PENSION services update



UPDATE for Pensioners

Welcome to the 2020 pensioner's newsletter, which has been compiled for individuals who currently receive a Local Government Pension from Enfield Council. Our aim is to provide you with information that you will find both useful and interesting.

- Payslip Distribution 2020
- Form P60
- Pay Dates 2020/21
- Public Sector Pension Increases
- Budget 2020 update
- Tax Code Changes
- HMRC - Personal Tax Account
- National Fraud Initiative



Paper Payslip Distribution 2020

The pension paper payslips will be issued as follows:

MARCH PAYSLIP

At the end of March you received a payslip for month ending 31st March 2020. This payslip shows the total pension paid and any tax deducted for the whole financial year 2019/20. These figures can be found in the "Tax to Date" table on the bottom left of the payslip and they will appear on your P60.

APRIL PAYSLIP

Along with any tax code changes for financial year 2020/21, your April payslip will also show, where applicable, any pensions increase from 06th April. This means, should you qualify, a proportion of your April pension will be at the old rate and a proportion at the new rate. Please see below for further details of this year's pensions increase.

MAY PAYSLIP

If applicable this payslip will show the new rate of your pension for a whole month following pensions increase. This will normally be the last payslip you will receive until March 2021. We no longer issue a monthly payslip unless there is a variation to the net monthly pension of at least £1.00 when compared with your May payslip.

e-Payslip & e-P60

The Payroll Team have introduced e-payslips for all its customers. This replaces paper payslips for those that successfully set up their accounts.

At the time this article goes to press we are preparing the form P60 which will be available for users by the HMRC deadline of 31st May 2020.

For those pensioners yet to access Epay, the e-payslip and P60 are online versions of the printed paper versions and contain all the same pay information. The e-payslip would be available to you every month. You can access your e-payslip and P60 through a secure online portal, which is accessible to any internet enabled device - PC, laptop, tablet or smartphone - anytime, anywhere.

The secure online portal is a safe place to keep all past and present pay information. To access the portal, you will be provided with an individual username and password, which you can change once logged in. In your portal you will find your pay information, payslips, and any key messages or announcements. You can access and view your information

Design costs

Brand design	£450
Leaflet artwork (six page dl)	£100
Fact sheets (6 pages)	£150
Newsletter (8 pages)	£200
Stationary	£50

LOCAL PENSION BOARD**Meeting Date: 30 September 2020****Subject: Draft Pension Fund Annual Report and Accounts 2019/20****Cabinet Member: Cllr Maguire****Executive Director: Fay Hammond****Key Decision:** []**Purpose of Report**

1. There is a Statutory Requirement to prepare Pension Fund Annual Report and Accounts and this report updates members on the arrangements for the preparation of the Pension Fund Annual Report and Accounts 2019/20 in accordance with regulations and the arrangements for the separate audit engagement, opinion and certificate for the Fund.
2. The Audited Pension Fund Accounts 2019/20 is in Section 2 of the attached Appendix A to this report. The Pension Fund Accounts are subject to the normal audit of accounts process, which should be completed in September and it forms part of the overall external audit programme for the Council.

Proposal(s)

3. Members are recommended to:
 - a) note the contents of this report; and
 - b) Note and consider the Annual Report for 2019/20 with all the statutory documents. (attached as Appendix A to this report);
 - c) Note the Enfield Pension Fund ranking and returns as prepared and produced by PIRC (Pensions & Investment Research Consultants Ltd) UK Local Authority League table for 2019/20, set in section 32 to 35 and Appendix B of this report.

Reason for Proposal(s)

4. The Committee acts as quasi-trustee to the Pension Fund and as such acts in the capacity of the Administering Authority of the Pension Fund. The Committee's terms of reference require that the Annual Report and Accounts on the activities of the Fund are presented and approved prior to their publication. The Local Government Pension Scheme Regulations 2013, Regulation 57 require the Pension Fund to publish its report and accounts by

1st December following the financial year end and for the Report to contain a number of standard items.

5. The publication of the Pension Fund Annual Report and Statement of Accounts helps to keep Fund members informed, shows good governance and helps to demonstrate effective management of Fund assets.
6. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations. This requires that a number of monitoring and management activities are undertaken to ensure that it fully discharges its scrutinising responsibilities to the Fund and minimise risks relating to the management of the Fund and could 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.

Relevance to the Council's Corporate Plan

7. Good homes in well-connected neighbourhoods.
8. Build our Economy to create a thriving place.
9. Sustain Strong and healthy Communities.

Background

10. The Council as an administering authority under the Local Government Pension Scheme Regulations and is therefore required to produce a separate set of accounts for the scheme's financial activities and assets and liabilities.
11. The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Service Code of Recommended Practice (SERCOP). The annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 and includes all the items required.
12. The London Borough of Enfield is the Administering Authority for the London Borough of Enfield's Pension Fund and the Pension Policy and Investments Committee act as trustees of the Pension Fund which includes overseeing the accounting and financial management of the Pension Fund.

The Annual Report and Statement of Accounts

13. The Accounts comprise two main statements with supporting notes. The main statements are:
 - i) Dealings with Members Employers and Others which is essentially the fund's revenue account; and
 - ii) The Net Assets Statement which can be considered as the fund's balance sheet.

14. The return on investment section of the accounts sets out the movement in the net worth of the fund in the year by analysing the relevant financial transactions and movements in the market value of the investment portfolio. The statement has two main sections:
 - i) The financial transactions relating to the administration of the fund; and
 - ii) The transactions relating to its role as an investor.
15. Overall, the Fund's assets had decreased by £35.7m in the financial year. The reduction was due to the under performance of the financial markets in which the Fund held its investments and a net withdrawals of fund expenditure over income.
16. The net asset statement represents the net worth (£1,149.8m) of the Fund as at the 31st March 2020. The statement reflects how the transactions outlined in the other statement have impacted on the value of the Fund's assets.
17. The Fund income section of the report principally relates to the receipt of contributions, from employers and active members, and the payment of pensions benefits. The section indicates that the Fund is cash positive in that the receipt of contributions exceeds payments, which stood at £7.1m net additions for 2019/20 compared to net addition of £4.1m in 2018/19.
18. Investment income decreased slightly over the year as expected in line with weakened assets value by some £0.5m. Transfer Values received (amounts paid over when a fund member transfers their benefits from one fund to another) was slightly less by £40k over the year. It is not possible to predict the value of transfer value payments as they are dependent on an individual's length of service and salary and as such may vary significantly. The total contributions increased over the year by £3.9m compared to last year this was due to LB Enfield employer contribution rate increasing from 24.4% to 24.9%.
19. In 2019/20 the overall expenditure increased by some £875k. The major contributors were the overall benefits paid which increased by some £810k over the year. The management expenses went up by £190k and this is solely and increase from administration costs.
20. Overall, fund membership has increased slightly from 22,281 to 23,123, an increase in membership number of 842. The active members increased by 223 members over the year whilst deferred members increased significantly by 218. Retired membership increased significantly by 401 members.
21. The investment performance section of the report details returns on the investment portfolio, the impact of managers' activities and investment markets on the value of investments.
22. The Audit Plan for the Pension Fund and any reports arising from the audit will be reported to the Pension Policy & Investments Committee. However, as the pension fund accounts remain part of the financial statements of the Council as a whole, the Audit Committee retain ultimate responsibility for receiving, considering and agreeing audit plans as well as receiving any reports arising from the audit.

23. The External Auditor provides an independent assessment of the Council's Pension Fund financial statements, systems, procedures and performance. The external auditor is required to issue an ISA 260 report, an opinion on the Council's accounts and this will include an opinion on the Pension Fund accounts. The ISA 260 report sets out their opinion and any issues which they believe the Committee should be aware of.
24. The audit of the Pension Fund accounts is yet to be completed and an ISA 260 report will be issued by the auditor once completed.
25. The Pension Fund audit is being undertaken by BDO and the audit fee is being maintained at £21,000, this would be charged to the Pension Fund.
26. The annual report also includes three key statements (Funding Strategy Statement, Investment Strategy Statement and Governance Compliance Statement) relating to the management and governance of the scheme and each statement serves a different purpose.
27. The Funding Strategy Statement (FSS) undergoes a detailed review and was updated after the triennial valuation. The 2019 triennial valuation outcome was reported, discussed and approved at the Committee meeting in November 2019 and February 2020 and this was tabled at the January 2020 Board meeting.
28. The purpose of the Funding Strategy statement is threefold:
 - i) To establish a clear and transparent fund specific strategy which will identify how employers' pension liabilities are best met going forward;
 - ii) To support the regulatory framework to maintain as nearly constant employer contributions rates as possible; and
 - iii) To take a prudent longer-term view of funding those liabilities.
29. The Investment Strategy Statement (ISS). The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.
30. This ISS is designed to be a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, provides transparency in relation to how the Fund investments are managed, acts as a risk register, and has been designed to be informative but reader focused.
31. The Governance Compliance Statement sets out the Council's policy as the administering authority in relation to its governance responsibilities for the Fund.

PIRC League Table Performance

32. PIRC measures the performance of the Fund against their Local Authority Universe data. The PIRC Local Authority Universe is an aggregation of Funds (currently 63 Funds) within the LGPS sector that is used for peer group comparisons. The performance results set out in this section are from the league tables.
33. The PIRC universe average for local authority Pension Fund return for 2019/20 was -4.8% compared to the Fund benchmark of -0.84%, the Fund underperformed its benchmark but outperformed the PIRC universe and ranked at 10th position for this period.
34. The PIRC universe 3-year average performance return for 2019/20 was 1.9% and the Fund benchmark return was 2.4%, the Enfield Fund outperformed its benchmark by 0.3% and the PIRC universe by 0.6% and was ranked in 23rd position for this period.
35. Over the longer period of 5, 10, 20 and 30 year are shown in below table:

	One year	3 years	5 years	10 years	20 years	30 Years
Enfield Fund % p.a.	-1.5	2.5	5.4	6.8	5.4	8.1
Benchmark % p.a.	-0.8	2.2	5.0	-	-	-
PIRC Universe % p.a.	-4.8	1.9	5.2	6.9	5.5	7.9
Ranking	10	23	27	48	35	22

Funding Update

36. This funding update has been provided to give the result of the Fund funding level compared to its last formal valuation of 31 March 2019. At the last 2019 formal valuation, the funding ratio of 103%, with Fund assets of £1,185m and liabilities of £1,146m, generating a surplus of some £39m as at 31st March 2019. The update position as at 31st March 2020 indicates a weakened funding level position of 96%, a 7% reduction from 2019 funding level of 103%, creating a deficit of some £50m as at 31st March 2020.

Safeguarding Implications

37. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

Public Health Implications

38. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

Equalities Impact of the Proposal

39. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling

inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

Environmental and Climate Change Considerations

40. There are no environmental and climate change considerations arising from this report.

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

41. Accounts provide an effective mechanism to safeguard the Council's assets and assess the risks associated with its activities.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

42. Not approving the report recommendations and not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

Financial Implications

43. The Council as Administering Authority has the responsibility of ensuring that the Pension Fund is administered effectively and efficiently and that arrangement for financial management are properly scrutinised. The performance of the fund affects the level of employer's contribution to the fund.

44. The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund as at 31st March 2020 and acts as the basis for understanding the financial wellbeing of the Pension Fund. It enables Members to manage and monitor the Scheme effectively, helping to ensure that they are able to fully understand the financial implications of the decisions they make.

Legal Implications

45. Administering authorities are now bound by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which have replaced the 2009 Regulations. These regulations set out an administering authority's statutory duties in ensuring the proper administration and management of its pension fund.
46. One of the functions of the Pension Policy and Investment Committee is to meet the Council's duties in respect of investment matters. It is appropriate having regard to these matters, for the Committee to receive information about budgetary matters. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

47. Regulation 57 of the Local Government Pension Scheme Regulations 2013 imposes a duty on the Council as an administering authority to prepare a pension fund annual report. The report must be published by 1st December following the financial year end.
48. The report should deal with the following matters:
 - i) management and financial performance during the year of the pension;
 - ii) an explanation of the investment policy for the fund and a review of performance;
 - iii) a report on arrangements made during the year for administration of the fund;
 - iv) a statement by an actuary who carried out the most recent valuation of the fund and the level of funding disclosed by that valuation;
 - v) a Governance Compliance Statement;
 - vi) a Fund Account and Net Asset Statement;
 - vii) an Annual Report dealing with levels of performance set out in the pension administration strategy and any other appropriate matters arising from the administration strategy;
 - viii) the Funding Strategy Statement;
 - ix) the Investment Statement Strategy;
 - x) statements of policy concerning communications with members and employing authorities; and
 - xi) any other material which the authority considers appropriate.

49. When performing its functions as administrator of the Enfield pension fund, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

Workforce Implications

50. The employer's contribution is a significant element of the Council's budget and consequently any robust monitoring and reviewing system will bring about an improvement in the Fund's performance and will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

51. None

Other Implications

52. None

Options Considered

53. There are no alternative options in so far as the publication of the Statement of Accounts and Annual Reports is a legislative requirement.

Conclusions

54. The attached Appendix A - annual report is a work in progress and the final version will be brought to the next Board meeting after it has been tabled for an approval at the next PPIC meeting scheduled for 26 November 2020.
55. Fund assets decreased by £35.7m over the year. The net asset statement represents the net worth (£1,149.8m) of the Fund. This improvement was because of the market performance.
56. The PIRC average universe for Local Authority Pension Fund return in 2019/20 was -4.8%. The Enfield Pension Fund had a return on investment of -1.5% and ranked 10th in the performance league. Looking at the longer-term performance, for three year return PIRC ranked the Fund 23rd in their league table with return on investment of 2.5% per annum and for five year return, PIRC ranked the Fund 27th in their league table with return on investment of 5.4% per annum.
57. The Fund underperformed its benchmark by returning -0.7% below its benchmark of -0.8% for the year 2019/20. The three-year return for the Fund was 0.3% per annum above its benchmark return and for over five years, the Fund posted a return of 5.4% p.a. outperforming the benchmark return of 5% by 0.4% per annum.
58. The valuation updates as at 31st March 2020 demonstrated the Fund funding level is slightly weakened from the last formal valuation by 7% from 103% to 96%. At the last formal valuation (31st March 2019) the funding level increased to 103%, with assets of £1,185m and liabilities of some £1,146m, giving rise to a surplus of over £39m. This reduction in funding level gave rise to a deficit position of some £50m.

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Date of report 14th September 2020

Appendices

Appendix A – Pension Fund Annual Account For 2019/20

Appendix B – PIRC UK Local Authority League table for 2019/20

Background Papers - None

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London Borough of Enfield Pension Fund

2019/20 Draft Annual Report and Accounts



Pension Policy and Investment Committee

The London Borough of Enfield is the Administering Authority of the London Borough of Enfield Pension Fund and administers the Local Government Pension Scheme on behalf of participating employers

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SECTION 1

	Page
Chair's Foreword	5-6
Investment Report	7-12
Governance of the Pension Scheme	13-16
Knowledge and Skills Policy Statement	17-18
Membership Report	19-24
Pension Fund Administration	27-28
Risk Management Review	29-31
Pension Fund Advisers and Other Service Providers	32

SECTION 2

Financial Statements	33-66
-----------------------------	--------------

SECTION 3

The Fund's Statutory Statements	
Appendix 1 - Funding Strategy Statement	67-95
Appendix 2 - Investment Strategy Statement	96-108
Appendix 3 - Governance Compliance Statement	109-121
Appendix 4 - Communication Policy Statement	122-123
Appendix 5 – Training and Developments Policy	124-134
Appendix 5 - Recording and Reporting Breaches of the Law	135-146
Appendix 6 – Conflict of Interest	147-160

SECTION 4

Glossary of Terms	161-163
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SECTION 5

Independent Auditor's Report to the members of London Borough of Enfield Pension Fund	164
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Chair's Foreword – Cllr Tim Leaver

Councillor Tim Leaver

INVESTMENT REPORT

Objectives

The Pension Policy & Investment Committee's overarching objective is to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided.

In setting investment strategy, the Committee first considered the lowest risk asset allocation that it could adopt in relation to the Fund's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Fund's liabilities.

The Strategy

The current target asset allocation strategy chosen to meet the objective above is set out in the table below. The suitability of the target asset allocation is monitored as the liabilities and market conditions develop, and the actual asset allocation will not exactly reflect the target weights at any particular point in time. The Committee monitors the actual asset allocation versus the target weighting.

Asset Class	Actual Position 31 March 2020 %	Target Weighting %	Expected Return (per annum)	Control Range
Equities (including Private Equity)	45	40	8-11%	30-50%
Bonds	22	24	4-5%	19-39%
Inflation protection	9	10		
Hedge Funds	8	10	9-11%	10-20%
Property (UK)	6	10	9%	5-15%
Infrastructure/PFI	6	6	9%	3-9%
Cash	4	-	-	-
Total	100	100		

Source: Annual Accounts 19/20 & ISS

The asset allocation strategy has been determined with regard to the actuarial characteristics of the Fund, in particular the strength of the funding position and the liability profile. The Fund's policy is to make the assumptions that:

- Other asset classes will outperform bonds over the long term;
- Active fund management can be expected to add value; and
- Returns from other asset classes will be more volatile than bond returns when considered relative to the Fund's liabilities.

The Fund recognises the potential volatility in individual asset class returns, particularly relative to the Fund's liabilities, it has therefore decided to diversify across a wide range of asset classes.

MARKET RETURNS IN 2019/20 & LONGER TERM RETURNS % Source: PIRC – 2019/20 Annual Review

	2019/20 %	3yrs % p.a.	5yrs % p.a.	10yrs % p.a.	20yrs % p.a.	30yrs % p.a.
EQUITIES:						
UK	-18.2	-4.3	0.5	4.9	3.8	7.3
Overseas	-8.8	0.5	5.9	7.7	5.5	7.8
Global	-11.9	0.2	5.8	7.6		
Total Equities	-12.5	-0.7	4.3	6.9	5.1	8.0
BONDS:						
UK Government	8.1	5.0	5.0	2.5		
UK Corporate	0.1	2.0	3.5	1.7		
UK Indexed Linked	2.0	2.5	5.4	7.8		
Overseas bonds	1.7	1.9	4.8	4.6		
Absolute Return	-4.1	-0.2	0.9			
MAC	-11.8					
Total Bonds	1.7	2.2	3.7	5.6	5.9	7.7
Alternatives	7.4	7.8	9.5	8.4	7.4	
Private Equity	12.1	12.0	14.0	11.8		
Hedge Funds	5.7	3.2	3.9	4.4		
Infrastructure	5.5	7.8	10.0			
Property	1.7	5.8	6.8	7.8	7.0	7.3
Diversified Growth	-5.2	-1.1	0.2			
Cash		-0.1	0.4	1.1	2.5	4.0
Total Fund Average	-4.8	1.9	5.2	6.9	5.5	7.9
RANGE OF RESULTS						
Top quartile	-2.7	2.5	5.7	7.3	5.6	8.0
Median	-4.1	1.7	4.8	6.8	5.1	7.7
Bottom quartile	-6.4	1.1	4.1	6.4	4.8	7.5

Fund Manager Structure

The fund manager structure and investment objectives for each fund manager ("mandates") are as follows:

Fund manager	Investment objectives
Adam Street Partners (Fund of Funds Private Equity Portfolio)	<i>To outperform the MSCI World Index.</i>
Antin <i>European Infrastructure Fund</i>	<i>15% gross IRR with a gross yield target of 5% p.a.</i>
BlackRock Advisers UK Ltd (Passively Managed Global Equity, UK Equity and UK Bond Portfolios)	<i>To perform in line with the prescribed Equity and Bond indices.</i>
Brockton Opportunistic property	<i>15% net IRR and 1.5xnet multiple</i>
CBRE Inflation protecting illiquid	<i>UK PLI+2.5% p.a. over rolling 10yr period</i>
CFM-Stratus Multi asset strategy	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>
Davidson Kempner (Events driven)	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>
International Public Partnerships Limited <i>(Private Finance Initiative)</i>	<i>To achieve a return of at least 4.5% per annum.</i>
Lansdowne Partners (Long/Short UK Equities Hedge Fund)	<i>To generate an absolute return. The benchmark is the FTSE All Share index</i>
Legal & General Investment Management Ltd (Active UK Property Fund)	<i>To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.</i>
London Collective Investment Vehicle (LCIV)	<i>Manages global equity mandates and Multi Asset Credit (MAC) - see table x</i>
MFS (Actively Managed Global Equity Portfolio)	<i>To outperform the MSCI World Index by 4% pa gross of fees over rolling three-year periods.</i>
M&G Inflation Opportunities Fund	<i>To outperform the Retail Price Index by 2.5% per annum on a rolling five year basis.</i>
Western Asset Management (Actively Managed Bond Portfolio)	<i>To outperform the benchmark (composed of a mixture of bond indices) by 0.75% pa gross of fees over rolling three-year periods.</i>
York Capital Management (Distressed Debt Fund)	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>

FUND VALUE

The Pension Fund has continued to benefit from its strategy of having a diversified investment strategy which is less dependent on the world equity markets than the average local authority pension fund. The Enfield Fund decreased by 3% in 2019/20.

The distribution of the Fund's assets amongst the different asset classes is broadly in line with the strategic benchmark weight, albeit there is a need to rebalance the assets and equities is mildly overweight. The overweight position in equities has helped the fund's performance in recent months.

The uncertainty around the impact of Coronavirus on the future of the real estate and infrastructure markets has created difficulties in pricing illiquid assets. In turn, most property fund managers have suspended dealing, to protect investors and avoid having to liquidate assets at potentially highly marked down prices.

Fund Value over 10 Years as at 31st March 2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
£m	£m	£m	£m							
572	610	647	731	775	888	916	1,078	1,099	1,185	1,150

Source: Annual Accounts

Performance of Fund against other Local Government Pension Schemes (LGPS)

Fund performance

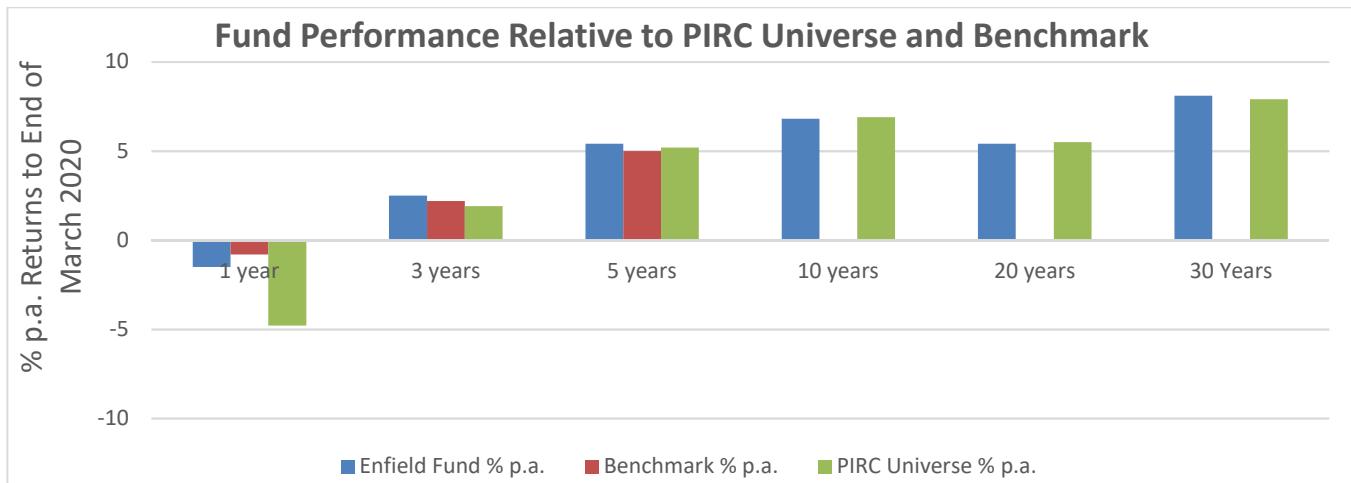
The continued out-performance of equities has continued to hurt the Enfield performance in relation to other LGPS funds. Nevertheless, longer term performance continues to be in the top quartile for longer term time periods.

	1 year	3 years	5 years	10 years	20 years	30 Years
Enfield Fund % p.a.	-1.5	2.5	5.4	6.8	5.4	8.1
Benchmark % p.a.	-0.8	2.2	5.0	-	-	-
PIRC Universe % p.a.	-4.8	1.9	5.2	6.9	5.5	7.9
Ranking	10	23	27	48	35	22

Source: PIRC 2019/20

While the Fund has outperformed its benchmark over the medium term it has trailed its peers. This reflects the more cautious asset allocation that the Fund has in place.

Returns have consistently outpaced the important measure of inflation – and by a substantial margin.



The PIRC L.A. average asset allocation as at 31st March 2020 compared to the Enfield Fund

	Local Authority Average	Enfield	Difference
	%	%	%
Equities (including private equity)	51	45	-6
Bonds	21	29	+8
Property	9	6	-3
Alternatives	11	16	+5
Diversified Growth	3	-	-3
Cash	3	4	+1
	100	100	

Source PIRC/Annual Accounts

Movement of Funds into London Collective Investment (LCIV) Pool

	Mandate	31 Mar 2018	31 Mar 2019	31 Mar 2020
		£000's	£000's	£000's
Blackrock - UK	Passive Equity	11,295	12,022	9,782
Blackrock - Global	Passive Equity	138,611	155,836	148,736
Blackrock - emerging	Passive Equity	12,202	-	-
Blackrock - bonds	Passive ILB	86,301	89,072	90,762
LCIV - Baillie Gifford	Global equity	51,528	75,336	74,376
LCIV – JP Morgan	Emerging equity	-	28,156	24,420
LCIV - Longview	Global equity	-	76,950	67,187
LCIV- CQS	Multi asset credit	-	50,696	43,676
		299,937	488,068	449,157
Percentage In LCIV		27.3%	41.3%	40.3%

Source: Annual Accounts (based on Market values)

Note * held as life funds so held outside the Pool but LCIV have negotiated fees for London boroughs

Pension Fund net Asset Statement		
Market value		Market value
31 March 2019		31 March 2020
£000s		£000s
Bonds		
UK		
4,703	Public sector quoted	2,702
39,103	Corporate quoted	42,100
Overseas		
1,868	Public sector quoted	806
42,604	Corporate quoted	45,013
88,278		90,621
Equities		
43,141	UK –quoted	45,015
-	Overseas –quoted	-
43,141		45,015
Pooled funds –additional analysis		
89,072	Indexed linked securities	90,762
458,410	Equities	426,985
50,041	Developed markets equity long short fund	38,925
46,806	Events driven fund hedge fund	36,286
72,354	Inflation opportunities hedge fund	73,161
30,911	Absolute bond fund hedge fund	29,321
25,921	Multi-strategy equity hedge fund	27,839
50,696	Multi asset credit fund	43,676
824,211		766,037
Pooled property investments		
69,598	UK property investments	67,866
69,598		67,866
Private equity		
9,221	Opportunistic property & UK secured long income fund	6,791
17,045	European infrastructure	21,764
72,283	Fund of Funds global private equity	73,524
98,549		22,377
Derivatives- Assets		
215	Futures	168
33	Forward foreign exchange	-
248		168
1,124,025	Total Investment Assets	1,094,164
58,091	Cash deposits	52,855
2,386	Investment income due	2,351
1,147	Amounts receivable from sales	-
1,185,649		1,149,369
Investment liabilities		
(149)	Derivatives- futures	-
-	Derivatives- forward foreign exchanges	(252)
(183)	Investment expenses	(149)
(332)		(401)
1,185,317	Net investment assets	1,148,968

CORPORATE GOVERNANCE

Introduction

Whilst the London Borough of Enfield Pension Fund is governed by Statute, there is an amount of discretion in the regulations for pension funds within the Local Government Pension Scheme to manage their own affairs. The London Borough of Enfield Pension Fund has established its own corporate governance model that reflects the best practice from both private sector and local government schemes.

The Pension Fund Regulations require a new additional governance arrangement (Pensions Board) to be in place from 1 April 2015.

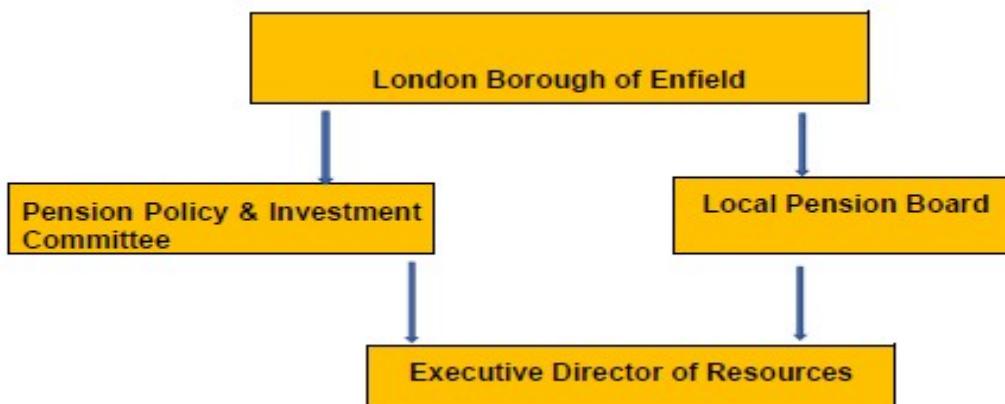
The London Borough of Enfield, as the Administering Authority of the Pension Fund, has delegated responsibility for the management of the Pension Fund to the Pensions Committee and the new regulatory requirement is for a Pensions Board to assist the Authority in monitoring compliance with regulations by overseeing the Pensions Committee work in how the Fund is administered.

Full Council approved the establishment of the Pensions Board at its meeting in September 2015 with delegation authority for the composition of it and terms of reference to the Pension Policy and Investments Committee. The composition of the board comprises four Employer Representatives and four Employee Representatives.

The Government's principles for the management of final salary schemes requires funds to draw up a forward-looking business plan, including a training plan for both the trustees and officers involved in their management and administration.

The Council has a Pension Policy & Investment Committee which sets the investment strategy objective and oversees the management of the Pension Fund. It also considers all investment decisions regarding the Fund. The Committee recognised that to meet the increasing demands and complexities of the Fund, it would be appropriate to appoint an independent pension advisor to help members 'test' the advice of its investment consultant and to provide support for new areas of investment.

All operational decisions to implement these policies are delegated to the Council's Executive Director of Resources. Please see below chart illustrating the new governance arrangement.



LEGAL FRAMEWORK

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status their employees may also be able to participate in the LGPS.

The London Borough of Enfield Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Enfield ('The Council'). The Fund was established to provide benefits for employees that include retirement pensions, widows pensions, death grants and other lump sum payments.

The Fund is governed by the Public Services Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016

The Role of the Pension Policy & Investment Committee

The Local Authority (Functions & Responsibilities) (England) Regulations 2000, state that the functions relating to the Local Government Pension Scheme are the responsibility of the full council. The Council has delegated these functions to the Pension Policy & Investment Committee whose terms of reference are agreed annually by Council.

The Pension Policy & Investment Committee consists of six members appointed by the Full Council who are responsible for the administration of the London Borough of Enfield Pension Fund in accordance with Statutory Regulations. The Committee meets a minimum of four times a year.

Governance of the Pension Fund Investments

The Committee considers the Fund's investment strategy and asset allocation of the Fund's portfolio. The Committee appointed an independent pension fund advisor, Carolan Dobson, to also sit on the Committee to give expert advice, support members, and to clarify the many complex technical issues that arise from such a diversified fund.

The Committee meets quarterly to review investment strategy and to receive reports on investment activity undertaken in the previous period. One of its important tasks is to monitor the performance of the Fund's managers in conjunction with our professional advisors Aon Hewitt, independent advisor and officers.

All other operational decisions to implement these policies are delegated to the Council's Director of Finance, Procurement & Commercial.

The Pension Policy & Investment Committee for 2019/20:

Cllr T. Leaver (Chair)

Cllr C. Stewart (Deputy Chair)

Cllr Y. Brett

Cllr E. Eren

Cllr T. Neville OBE JP

Cllr D. Taylor

Carolan Dobson (Professional Advisor)

The following are the terms of reference for the Pension Policy & Investment Committee:

- To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pensions' legislation.
- To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.
- To formulate and publish an Investment Strategy Statement.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
- To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.
- To make arrangements for the triennial actuarial valuation, to monitor liabilities and to undertake any asset/liability and other relevant studies as required.
- To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
- To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.
- To receive and approve an Annual Report on the activities of the Fund prior to publication.
- To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.
- To keep the terms of reference under review.
- To determine all matters relating to admission body issues.
- To focus on strategic and investment related matters at two meetings.
- To review the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan
- To maintain an overview of pensions training for Members.

Committee Members Attendance Pension Policy & Investment Committee 2019/20

Pension Policy & Investment Committee	13 th June 2019	5 th Sept 2019	21 st Nov 2019	27 th Feb 2020
Cllr T. Leaver	P	P	P	P
Cllr C. Stewart	P	P	P	A
Cllr Y. Brett	P	P	P	P
Cllr E. Eren	P	A	P	A
Cllr T. Neville OBE JP	A	P	P	P
Cllr D. Taylor	P	A	P	P
Carolan Dobson	P	P	A	P

Note: P: Present, A: Absence.

Pension Board

A key aim of the Pension Board is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

The eight board members for 2019/20 are:

Employer Side:

- Cllr A. Orhan (Chair)
- Cllr V. Pite
- Cllr A. Milne
- Androulla Nicou

Employee Side

- Paul Bishop (Vice Chair)
- Pauline Kettless
- Victor Ktorakis
- Tracey Adnan

Knowledge and Skills Policy Statement

CIPFA Code of Practice on Public Sector Pensions – Finance Knowledge and Skills

The adoption of the CIPFA “Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector” (2010) provides the basis for a training and development programme for the Pension Policy & Investments Committee based on the latest national guidance.

London Borough of Enfield Pension Fund adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

London Borough of Enfield recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.

London Borough of Enfield will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.

These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

London Borough of Enfield will report on an annual basis how these policies have been put into practice throughout the financial year.

London Borough of Enfield has delegated responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Corporate Director of Resources, who will act in accordance with the organisation's policy statement, and where they are a CIPFA member with CIPFA Standards of Professional Practice.

London Borough of Enfield recognises the importance of ensuring that it has the necessary resources to discharge its pension administration responsibilities and that all staff and members charged with the financial administration, governance and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

London Borough of Enfield therefore seeks to utilise individuals who are both capable and experienced and it will provide and/or arrange training for staff and members of the pensions decision making and governance bodies, to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

PENSIONS KNOWLEDGE AND SKILLS FRAMEWORK FOR PENSIONS COMMITTEE MEMBERS

Core technical areas and areas of knowledge

Legislative and governance framework

- General pensions framework
- Scheme-specific legislation for LGPS
- Pensions regulators and advisors
- Constitutional framework for pension fund committees within administering authorities
- Pension scheme governance

Accounting and auditing standards

- Accounts and Audit regulations
- Role of internal and external audit

Procurement of financial services and relationship management

- Procurement requirements of UK and EU legislation
- Supplier risk management

Investment performance and risk management

- Monitoring of investment performance
- Performance of advisors
- Performance of the Pensions Committee
- Performance of support services

Financial markets and investment products

- Investment strategy
- Financial markets
- Regulatory requirements regarding investment products

Actuarial methods, standards and practices

- Valuations, funding strategy and inter-valuation monitoring
- Ill-health and early retirement
- Admitted bodies
- Outsourcing and bulk transfers

Pension Training on Skills & Knowledge

The Committee has an agreed Training policy by which committee members are bound. During 2019/20 all new members attended a training workshop on an introduction to the Local Government Scheme.

Committee members also attended a number of pension fund relate conferences during the year.

Training was also provided during committee meetings to ensure that Committee members maintained their ongoing pension development.

Membership Report

Overview of the Scheme

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

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and (Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by London Borough of Enfield to provide pensions and other benefits for pensionable employees of London Borough of Enfield and a range of other scheduled and admitted bodies within the borough. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council including school employees with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status; their employees may also be able to participate in the LGPS. Employee contributions are determined by central government and are between 5.5% and 12.5% of pensionable pay. Employer rates are set by the Fund actuary every 3 years following a valuation of the assets and liabilities of the Fund, with the next valuation due to take place as at 31 March 2022.

The conditions of the Local Government Pension Scheme (LGPS) Regulations set out in clear terms the benefits that are payable to Scheme members and as such the benefits are guaranteed for those members and therefore members are not reliant on investment performance for their pension benefits. The contributions payable by Scheme members are also defined in the Regulations. Employing Authorities are required to pay contributions into the Scheme in order to meet the cost of funding employee benefits and as such, are required to meet any shortfall in funding the pension liabilities of Scheme members.

The Pension Scheme as applying during the financial year 2019/20 was a defined benefit career average revalued earnings scheme which aligns LGPS retirement age with an individual's state pension age. The key benefits of the scheme are outlined below:

- Pension benefits based on a 1/49th accrual basis for each year of pensionable service with benefits calculated on the career average pay revalued annually in line with inflation.
- Pre-2014 benefits guaranteed with a final salary link for any benefits earnt prior to 1 April 2014.
- Option to pay 50% of the contribution rate to accrue 50% of the benefits.

- Option to convert some pension to lump sum on retirement on a 1:12 ratio.
 - Life assurance cover 3x member final pay applicable from the day of joining scheme. Pensions for dependents: - spouses, civil partners and eligible co-habiting partners and eligible children.
 - An entitlement to have pension paid early on medical grounds.
 - Pensions increase annually in line with the cost of living.
- It should be noted that the foregoing is not an exhaustive list and that certain conditions have to be met for an individual to be entitled to the benefits outlined.

The foregoing benefit structure came into effect on 1 April 2014 and saw the start of significant changes to the public sector pension schemes, with most other schemes introducing their changes a year later on 1 April 2015. The previous LGPS introduced in 2008 was a defined benefit final salary scheme and was in operation until 31 March 2014, although it should be recognised that a large number of scheme members will have benefits accrued under both schemes and indeed some under the pre-2008 scheme. The key benefits under the 2008 scheme are outlined below:

- A guaranteed pension based on final pay and length of time in the scheme and an accrual rate of 1/60th per annum.
- Tax free lump sum on benefit accumulated prior to 1 April 2008 and option to convert some of the pension into tax free lump sum on post 1 April 2008 service.
- Life assurance cover 3x member final pay applicable from the day of joining scheme.
- Pensions for spouses/civil and co-habiting partners and children.
- An entitlement to have pension paid early on medical grounds.
- Pensions increase annually in line with the CPI.

WHO BELONGS TO THE ENFIELD PENSION FUND?

The London Borough of Enfield Fund Pension Fund consists of the employees of Enfield Council and the following bodies.

	Number of contributors	Pensioners	Deferred Members	Frozen /Undecided
London Borough of Enfield	5,200	5,274	5,855	2,409
Scheduled Bodies				
Capel Manor College	175	49	208	29
Oasis Hadley Academy	89	8	84	68
Oasis Enfield Academy	136	8	147	94
Aylward Academy	32	10	27	21
AIM Academy north (Formerly Nightingale Academy)	22	15	41	24
Kingsmead Academy	41	14	22	13
Enfield Grammar Academy	51	9	20	16
Southgate College	52	111	121	34
Cedars Learning Trust	27	2	2	7
Enfield Learning Trust	263	8	59	50
Adnan Jaffrey Trust (formally One Degree Academy)	6	0	0	1
Attigo Academy Trust	146	3	16	46
ARK John Keats Academy	62	0	6	34
Meridian Angel Primary School	10	1	4	9
Ivy Learning Trust	216	7	28	22
Cuckoo Hall Academy Trust	154	18	24	68
Edmonton County Academy	99	6	26	14
Children First Academy	292	2	8	16
Subtotal – Scheduled Bodies	1,895	316	903	673
Admitted Bodies				
Enfield Voluntary Groups	5	4	3	0
Fitzpatrick	0	9	13	2
NORSE commercial services	26	19	62	11
Churchill	0	0	1	0
Metropolitan Support Trust	0	1	0	0
Leisure Trust	6	7	22	8
Fusion Lifestyle	6	2	8	1
Kier Group Services	0	0	1	0
Edwards & Blake	3	0	0	0
Sodexo	5	2	0	0
Hughes Gardner	0	0	1	0
Equion Facilities Management	0	2	0	0
Outward Housing	1	7	5	7
Olive Dining	12	0	0	0

Elior UK	0	2	0	0
REED Momenta	5	0	0	2
Birkin -Bishop Stopford	0	0	1	2
Birkin – Winchmore	0	5	1	0
Birkin – Nightingale	2	0	0	0
Birkin – Aylward	2	2	1	0
BDI Securities UK Ltd	0	0	0	1
European Cleaning Services	3	0	0	0
North London Homecare & Support Ltd	1	0	0	1
Purgo Supply Services	1	1	0	0
Sanctuary Housing	1	0	2	0
Lewis & Graves Partnership	0	1	4	2
Independence & Wellbeing	249	9	16	29
Subtotal – Admitted Bodies	318	73	141	66
Total Membership	7,413	5,663	6,899	3,148

Membership Trends

	31 March 2015	31 March 2016	March 31 2017	March 31 2018	March 31 2019	March 31 2020
Current Employees	7,090	7,312	7,447	7,385	7,246	7,413
Pensioners	4,675	4,964	5,265	5,188	5,453	5,663
Deferred Benefits*	6,598	6,598	7,978	8,774	9,582	10,047
	18,363	18,874	20,690	21,347	22,281	23,123

Actives Age

Age	Female	Male	Total
Under 20	22	20	42
20-24	191	91	282
25-29	340	138	478
30-34	419	141	560
35-39	584	160	744
40-44	675	195	870
45-49	836	196	1032
50-54	1,044	275	1319
55-59	950	229	1179
60-64	451	158	609
65-69	175	77	252
70-74	28	16	44
75- 85	2	0	2
Grand Total	5,717	1,696	7,413

Pensioner Age			
Age	Female	Male	Total
Up to 39	22	23	45
40-44	0	4	4
45-49	6	8	14
50-54	16	16	32
55-59	174	59	233
60-64	628	259	887
65-69	910	404	1,314
70-74	764	428	1,192
75-79	545	254	799
80-84	385	189	574
85-89	226	125	351
90-94	117	56	173
95-99	25	13	38
100-110	7	0	7
Grand Total	3,825	1,838	5,663

Pension Fund Budget - 2020-2023

2019/20		2020/21	2021/22	2022/23
Actual		Estimate	Estimate	Estimate
£000		£000	£000	£000
11,078	Employee contributions	9,200	8,800	7,950
38,730	Employer contributions	40,165	38,050	36,750
1,236	Early retirements	1,000	1,000	1,000
3,971	Transfers in	4,000	4,000	4,000
55,015	Total Income	54,365	51,850	49,700
35,828	Pensions	36,905	34,415	34,020
6,949	Retirement/death grants	7,995	8,200	7,750
5,173	Transfers out	4,000	4,000	4,000
1,145	Admin costs	950	860	880
279	Oversight & Governance	400	400	400
1,390	Asset Managers Invoiced Fees	1,250	1,375	1,450
50,764	Total Expenditure	51,500	49,250	48,500
4,251	Net Surplus/(Deficit)	2,865	2,100	1,200
24.8%	Employers contribution %	20.0%	20.0%	20.0%

Corporate Governance

The Fund's Corporate Governance is set out in the Fund's Investment Strategy Statement. This publication is available through Bola Tobun email Bola.Tobun@enfield.gov.uk

Employers Summary

Statute specifies that contributions must be paid into the fund by the 19th day of the following month to that which they relate. The Pension Regulations allows for interest to be levied on contributions that are not paid on time, there were 6 late payments during 2019/20, but were considered as minor breaches & payments were received within the month, so this power was not exercised.

Payments made by employers into the Pension Fund during 2019/20 (including analysis of late payments)												
£000's	April	May	June	July	August	September	October	November	December	January	February	March
£000's	April	May	June	July	August	September	October	November	December	January	February	March
Enfield	2,314	2,663	2,383	2,477	2,476	2,478	2,492	2,500	2,509	2,554	2,538	2,699
Latymer school	24	24	29	25	25	24	25	25	26	24	25	26
Capel Manor	48	49	48	49	48	48	47	50	48	48	50	49
Oasis Enfield	57	56	58	59	57	62	61	58	63	66	64	66
Oasis Hadley	20	20	22	23	19	23	22	23	20	21	20	20
Aylward Academy	13	14	15	16	14	12	12	12	11	15	11	12
AIM Academy North	8	9	8	8	8	9	8	5	8	8	8	8
Kingsmead academy	15	16	14	15	13	13	13	15	15	16	16	16
Enfield Grammar	16	17	16	16	17	16	18	18	19	21	14	18
Edmonton County	32	30	36	32	32	31	31	31	31	31	31	31
Southgate School	21	22	22	22	20	19	20	20	20	20	19	18
Cedars Learning Trust	14	14	13	14	13	12	12	12	13	12	12	16
Enfield Learning Trust	75	74	76	74	77	74	78	78	77	84	78	78
Adnan Jaffery Trust	1	1	0	1	1	1	1	1	2	2	2	2
Attigo Academy Trust	53	58	54	59	50	49	52	55	49	53	50	51
Ark John Keats Academy	9	9	8	8	8	10	11	10	10	11	11	11
Meridian Angel Primary	3	3	4	3	2	3	3	1	2	2	2	2
Ivy Learning Trust	70	79	73	72	73	72	74	71	70	71	69	72
Jewish Community Academy	14	7	7	7	6	7	6	6	7	8	8	8
Children First Academy	97	91	83	87	88	89	87	89	88	92	90	92
Cuckoo Hall Academy Trust	39	38	39	39	39	39	41	39	39	42	41	41
Olive Dining (Winchmore)	76	0	0	0	0	0	0	0	0	0	0	0
Olive Dinning (Edmonton)	2	1	2	1	1	1	2	1	2	1	1	1
Reed Wellbeing (momenta)	2	2	2	2	2	2	1	2	3	2	2	1
Sodexo	2	1	2	2	2	1	2	1	2	1	2	2
Fusion Lifestyle	2	2	2	2	2	2	2	2	2	2	2	2

Edwards and Blake	1	0	1	0	1	1	0	1	1	0	1	1
Outward Housing	0	1	0	1	0	1	0	1	0	1	0	0
Independence & Wellbeing Enfield	88	99	98	94	94	97	93	98	99	104	97	96
Voluntary Bodies	3	4	3	3	3	3	4	3	3	4	3	3
Olive Dining (Aylward)	73	1	1	1	0	1	1	1	0	1	1	0
Birkin Cleaning (Nightingale)	0	0	1	0	0	0	0	0	0	0	1	0
Olive Dining (Nightingale)	43	1	1	0	1	1	0	1	1	0	1	1
Norfolk Cleaning Service	5	4	5	5	4	6	4	5	4	4	5	4

Note: red blocks refer to late payments. Strain costs added into Enfield March payment

PENSION ADMINISTRATION KEY PERFORMANCE AND STATISTICS

The Fund believes it provides value for money for its members and employers. It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money.

The administration of the Fund comprises of 7 full-time equivalent (fte) staff, cost of under £42 per member slightly above the average London borough pension funds of over £38 per member as shown below.

Costs of Fund Administration

	£000's	£ per member
Pension administration	962	41.60
Payroll costs	155	6.70
Actuary	60	2.60
Total Costs	1,177	50.90

Complaints Received

The pension administration team occasionally deal with members of the fund who dispute an aspect of their pension benefits. These cases are dealt with by the Internal Dispute Resolution Procedure (IDRP).

There has been only one IDRP case during 2019/20. No Ombudsman rulings against Enfield Council effective 2019/20.

Key Performance Indicators

A number of performance indicators are presented below to ensure that service to members of the pension fund is effective.

Process	No. of cases commenced in year	No. of cases completed in year	No. of cases outstanding at year end	% completed in year
Deaths – initial letter acknowledging death of members	136	94	42	69.0%
Retirements – letter notifying estimate retirement benefits	460	434	26	94.4%
Retirements – letter notifying actual retirement benefits	399	352	47	88.2%
Deferment – calculate and notify deferred benefits	1,678	1,334	344	79.5%
Transfers in/out – letter detailing transfer quote	428	367	61	86.7%
Refund – Process & pay a refund	119	101	18	85.0%
Divorce quote – letter detailing cash equivalent value and other benefits	43	40	3	93.0%
Divorce settlement – letter detailing implementation of pension sharing orders	1	1	-	100.0%

Joiners – notification of date of enrolment	1,366	1,366	-	100.0%
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Key Performance Indicators

Process	KPI	Good Practice Requirement	%	
Deaths – letter notifying amount of dependants pension	136	2 Months	85.0%	
Retirements – letter notifying estimate of retirement benefits	460	2 Months	96.0%	
Retirements – letter notifying actual retirement benefits	399	2 Month	79.0%	
Transfers in/out - letter detailing transfer quote	428	2 Months	61.0%	Note: transfers were put on hold for a period of time due to change in factors.
Refund – process and pay a refund	119	2 Months	93.5%	
Divorce quote - letter detailing cash equivalent value and other benefits	43	2 months	100.0%	
Divorce settlements – letter detailing implementation of pension sharing	1	3 Months	72.5%	
Joiners – notifications of date of enrolment	1,366	2 Months	100.0%	

RISK MANAGEMENT REVIEW

The Fund's primary long-term risk is that its assets fall short of its liabilities such that there are insufficient assets to pay promised benefits to members. The investment objectives have been set with the aim of maximising investment returns over the long term within specified risk tolerances. This aims to optimise the likelihood that the promises made regarding members' pensions and other benefits will be fulfilled.

Responsibility for the Fund's risk management strategy rests with the Pension Policy and Investments Committee.

In order to manage risks a Pension Fund Risk Register is maintained and reviewed quarterly. Risks identified have been reduced through planned actions. The Risk Register is managed by the Pension & Treasury Manager.

Risks arising from financial instruments are outlined in the notes to the Pension Fund Accounts (Note 17). This provides readers of the accounts with an overview of the impact of market movements, including increases and decreases under the scenarios where standard deviations apply.

The Funding Strategy Statement (at Appendix 1) sets out the key risks, including demographic, regulatory, governance, to not achieving full funding in line with the strategy. The actuary reports on these risks at each triennial valuation or more frequently if required.

The key risks identified within the Pension Fund risk register are:

Objective area at risk	Risk	Risk Rating	Mitigating actions
Funding	Scheme members live longer than expected leading to higher than expected liabilities.	High	Review at each triennial valuation and challenge actuary as required.
Administration	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	Medium	TREAT 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of

			employers planned to be part of 2019 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.
Governance	That the London Collective Investment Vehicle (LCIV) disbands or the partnership fails to produce proposals/solutions deemed sufficiently ambitious.	High	TOLERATE 1) Partners for the pool have similar expertise and like mindedness of the officers and members involved with the fund, ensuring compliance with the pooling requirements. 2) Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives. 3) Member presence on Shareholder Committee and officer groups.
Funding	Employee pay increases are significantly more than anticipated for employers within the Fund.	Medium	TOLERATE 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long-term assumption would lead to further review. 3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014).
Investment	Significant volatility and negative	Medium	TREAT 1) Continued dialogue

	sentiment in global investment markets following disruptive politically inspired events in US.		with investment managers re management of political risk in global developed markets. 2) Investment strategy involving portfolio diversification and risk control. 3) Investment strategy review will follow post actuarial 2019 valuation.
Funding	Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%	Medium	TREAT 1) The fund holds investment in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection.

THIRD PARTY RISKS

The Council has outsourced the following functions of the Fund:

- Investment management;
- Custodianship of assets; and
- Pensions administration system.

As these functions are outsourced, the Council is exposed to third party risk. A range of investment managers are used to diversify manager risk.

To mitigate the risks regarding investment management and custodianship of assets, the Council obtains independent internal controls assurance reports from the reporting accountants to the relevant service providers. These independent reports are prepared in accordance with international standards. Any weaknesses in internal control highlighted by the controls assurance reports are reviewed and reported as necessary to the Pension Policy and Investment Committee.

The Council's internal audit service undertakes planned programmes of audits of all the Council's financial systems on a phased basis, all payments and income/contributions are covered by this process as and when the audits take place.

PENSION FUND ADVISERS AND OTHER SERVICE PROVIDERS

During 2019/20 the following provided services to the Pension Fund:

Custodial Services

Northern Trust 50 Bank Street, Canary Wharf, London E14 5NT

Actuarial Services

Aon Hewitt Limited, 25, Marsh Street, Bristol, BS1 4AQ

Investment Consultancy and Advice Services

Aon Hewitt Limited, 122 Leadenhall Street London, EN3 4AW

Independent Fund Advisor

Carolan Dobson

Fund Administrator

Julie Barker London Borough of Enfield Julie.barker@enfield.gov.uk

Pension Fund Performance Measurement

PIRC Suite 8.02, Exchange Tower 2, Harbour Exchange Square, Isle of Dogs, London E14 9GE

External Auditors

BDO LLP, 16 The Havens, Ipswich IP3 9SJ.

Legal Services

Legal services were provided in-house by the Enfield Council

AVC Provider

Prudential

Email: natalie.read@prudential.co.uk or call on 0845 2680440.

Corporate Governance

Local Authority Pension Forum (LAPPF) - Proxy Voting

Pensions Lifetime Savings Association (PLSA)

The Fund's Bankers

HSBC PLC

1st Floor, 60 Queen Victoria Street, London, EC4N 4TR

Fund Accountant

Bola Tobun, London Borough of Enfield

Bola.Tobun@enfield.gov.uk

If you have any comments on the Annual Report, please call 020 8132 1588,
Email: Bola.Tobun@enfield.gov.uk or write to the following address:

London Borough of Enfield Pension Fund, Civic centre,
Finance Department, Silver Street, Enfield EN1 3XF

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LONDON BOROUGH OF ENFIELD PENSION FUND ACCOUNT		
2018/19		2019/20
£000s		£000s
Dealings with members, employers and others directly involved in the Fund		
47,179	Contributions	7 51,044
4,009	Transfers in from other pension funds	8 3,971
51,188		55,014
(41,966)	Benefits payable	9 (42,777)
(5,116)	Payments to and on account of leavers	10 (5,173)
(47,082)		(47,950)
4,106	Net additions/(withdrawals) from dealings with members	7,064
(9,442)	Management expenses	11 (9,156)
(5,336)	Net additional/(withdrawals) including fund management	(2,092)
Returns on investments		
12,643	Investment income	12 11,960
(462)	Taxes on income	13a
79,653	Profit & losses on disposal of investments and changes in the market value of investments	14a (45,589)
91,834	Net returns on investments	(33,629)
86,498	Net change in assets available for benefits during the year	(35,721)
1,099,002	Opening net assets of the scheme	1,185,500
1,185,500	Closing net assets of the scheme	1,149,779
NET ASSETS STATEMENT FOR YEAR ENDED 31 MARCH 2020		
2018/19		2019/20
£000s		£000s
1,124,026	Investment assets	14 1,093,995
(150)	Investment liabilities	(84)
1,123,876		1,093,911
58,091	Cash deposits	14 52,855
3,533	Other investment balances -assets	14 2,438
(183)	Other investment balances - liabilities	14 (149)
1,185,317	Total net investments	1,148,968
14	Long term debtor	21a 53
801	Current assets	21 1,317
(632)	Current liabilities	22 (559)
1,185,500	Net assets of the fund available to fund benefits at the end of the reporting period	1,149,779

Note: The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Signed:

Fay Hammond
Executive Director Resources

31st May 2020

Notes to the Financial Statement –index

Note 1 Description of the Fund

Note 2	Basis of preparation
Note 3	Summary of significant accounting policies
Note 4	Critical judgements in applying accounting policies
Note 5	Assumptions made about the future & other major sources of estimation uncertainty
Note 6	Events after the reporting date
Note 7	Contributions
Note 8	Transfers in from other pension funds
Note 9	Benefits paid/payable
Note 10	Payments to & on account of leavers
Note 11	Management expenses
Note 11a	Investment management expenses
Note 12	Investment income
Note 13	Taxes on income
Note 13a	External audit fees
Note 14	Investments
Note 14a	Reconciliation of movements in investment & derivatives
Note 14b	Analysis of investments
Note 14c	Investments analysed by fund manager
Note 14d	Stock lending
Note 15a	Analysis of derivatives
Note 15b	Hedge accounting
Note 16	Fair value - basis of valuation
Note 16a	Fair value – hierarchy
Note 16b	Transfers between levels 1 & 2
Note 16c	Reconciliation of fair value measurements with level 3
Note 17	Financial instruments
Note 17a	Classification of financial instruments
Note 17b	Net gains and losses on financial instruments
Note 18	Nature and extent of risks arising from financial instruments
Note 19	Funding arrangements
Note 20	Actuarial present value of promised retirement benefits
Note 21	Current assets
Note 21a	Long term debtors
Note 22	Current liabilities
Note 23	Additional voluntary contributions
Note 24	Agency services
Note 25	Related party transactions
Note 25a	Key management personnel
Note 26	Contingent liabilities and contractual commitments

1. Description of the Fund

The Enfield Pension Fund ('the fund') is part of the LGPS and is administered by London Borough of Enfield. The council is the reporting entity for this pension fund.

The following description of the fund is a summary only. For more detail, reference should be made to the Enfield Pension Fund Annual Report 2019/20 and the underlying statutory powers underpinning the scheme.

a) General

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

- the Local Government Pension Scheme Regulations 2013 (as amended).
- the Local Government Pension Scheme (Transitional Provisions, Savings and (Amendment) Regulations 2014 (as amended).
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by London Borough of Enfield to provide pensions and other benefits for pensionable employees of London Borough of Enfield and a range of other scheduled and admitted bodies within the borough. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

b) Membership

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

Organisations participating in the fund include the following:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.

Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 39 employer organisations within the fund (including the Council itself), and 23,380 individual members, as detailed below. A full analysis is included

Enfield Pension Fund	31 March 2019	31 March 2020
Number of employers with active members	7,246	7,505
Number of pensioners	5,453	5,893
Deferred pensioners	5,930	6,198
Frozen/undecided	3,652	3,784
Total number of members in pension scheme	22,281	23,380

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2020. Employee contributions are matched by employers' contributions

which are set based on triennial actuarial funding valuations. The results of recent formal valuation as at 31 March 2019 has employer contribution rates range from 0% to 25.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits.

2. Basis of preparation

The statement of accounts summarises the fund's transactions for the 2019/20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

The accounts have been prepared on a going concern basis.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013 (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) **Interest income** Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) **Dividend income** Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

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

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

Fund account – expense items

d) Benefits payable

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

e) Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments

suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The Code does not require any breakdown of pension fund administrative expenses; however, it requires the disclosure of investment management transaction costs. For greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016), which shows the breakdown of administrative expenses, including transaction costs.

i) **Administrative expenses** All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

ii) **Oversight and governance costs** All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

iii) **Investment management expenses** All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the fund has negotiated with the following managers that an element of their fee be performance related. Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account.

Net assets statement

g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

Foreign currency transactions

h) Dividends

Interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates

are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes (see Note 15).

j) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Financial liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20).

m) Additional voluntary contributions

The Enfield Pension Fund provides an additional voluntary contribution (AVC) scheme for its employers and are specifically for providing additional benefits for individual contributors. The fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

n) Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

4. Critical judgements in applying accounting policies

The actuarial revaluations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of balance struck between longer term investment growth and short yield/return.

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

Pension fund liability

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

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19.

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates. This will have not had an affect on either the fun account or the nest asset statement but on the disclosure in Note 20.

The items in the net assets statement at 31 March 2020 (for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 20)	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> a. 1% decrease in the discount rate assumption would result in a increase in the pension liability of approximately £300m. b. 1% increase in assumed earnings inflation would increase the value of liabilities by approximately £50m. c. three-year increase in assumed life expectancy would increase the liability by approximately £90m. <p>It should be noted that any changes in the above would not have an effect on either the Fund Account or the Net Asset Statement.</p>
Private equity investments (Note 16)	<p>Private equity investments are valued at fair value in accordance with generally accepted accounting principles. The valuation basis is U.S. GAAP. and all investments are recorded at fair value in accordance with ASC 820, Fair Value Measurements and Disclosures.</p> <p>These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.</p>	<p>Private equity investments are valued at £69m in the financial statements. There is a risk that this investment may be under-or overstated in the accounts. Given a tolerance of +/-5% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £3.5 million.</p>
Private equity property investments (Note 16)	<p>The estimate of the value of the investment in Portfolio Companies and Intermediate Vehicles requires considerable judgment and estimation techniques. The valuation methodologies are considered to be</p>	<p>Given a tolerance of +/-5% around the effect of variations in the factors supporting the valuation would be an increase or decrease in the value of held property of £1.3m, on a fair value of £25m.</p>

	consistent with the International Private Equity and Venture Capital Valuation Guidelines.	
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NOTE 6: EVENTS AFTER THE REPORTING DATE

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

NOTE 7: CONTRIBUTIONS**By category**

	2018/19 £000s	2019/20 £000s
10,151	Employees' contributions	11,078
	Employers' contributions: -	
27,460	Normal	29,648
8,206	Deficit recovery contributions	9,503
1,362	Augmentation contributions	815
37,028	Total employers' contributions	39,966
47,179		51,044

By authority

	2018/19 £000s	2019/20 £000s
38,245	Administering authority	39,237
7,296	Scheduled bodies	9,724
1,638	Admitted bodies	2,083
47,179		51,044

NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

	2018/19 £000s	2019/20 £000s
4,009	Individual transfers	3,971
4,009		3,971

NOTE 9: BENEFITS PAID/PAYABLE**By category**

	2018/19 £000s	2019/20 £000s
(34,195)	Pensions	(35,828)
(6,485)	Commutation and lump sum retirement benefits	(6,684)
(1,286)	Lump sum death benefits	(266)
(41,966)		(42,777)

By authority

2018/19	2019/20
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£000s	£000s
(40,355) Administration authority	(40,988)
(1,248) Scheduled bodies	(1,404)
(363) Admitted bodies	(384)
(41,966)	(42,777)

NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2018/19	2019/20
£000s	£000s
(108) Refunds to members leaving service	(129)
(5,008) Individual transfers	(5,173)
(5,116)	(5,302)

NOTE 11: MANAGEMENT EXPENSES

2018/19	2019/20
£000s	£000s
(935) Administrative costs	(1124)
(350) Oversight and governance costs	(108)
(8,157) Investment management expenses	(7,925)
(9,442)	(9,156)

NOTE 11A: INVESTMENT MANAGEMENT EXPENSES

2018/19	2019/20
£000s	£000s
(6,494) Management fees	(6,397)
(186) Performance related fees	(304)
(1,405) Transaction costs	(1,031)
(66) Custody fees	(63)
(6) Other	(130)
(8,157)	(7,925)

NOTE 12: INVESTMENT INCOME

2018/19	2019/20
£000s	£000s
5,066 Income from equities	2,052
3,290 Income from bonds	3,439
1,704 Pooled property investments	1,786
1,855 Pooled investments – unit trusts and other managed funds	4,121
728 Interest on cash deposits	561
12,643	11,960

NOTE 13: TAXES ON INCOME

2018/19	2019/20
£000s	£000s
<i>Withholding tax</i>	

(320)	Income from equities	(0)
(142)	Pooled investments – unit trusts and other managed funds	(0)
(462)		(0)

NOTE 13A: EXTERNAL AUDIT FEES

2018/19 £000s	2019/20 £000s
19 Paid in respect of external audit (excluding VAT)	19
19	19

NOTE 14: INVESTMENTS

Market value 31 March 2019 £000s	Market value 31 March 2020 £000s
Investments	
88,279 Fixed interest securities	90,621
43,141 Equities	45,015
824,211 Pooled investments	766,037
69,598 Pooled property investments	90,244
98,549 Private equity	102,078
Derivative contracts:	
215 - Futures	0
33 - Forward currency contracts	0
1,124,026 Total investment assets	1,093,995
58,091 Cash deposits	52,855
2,386 Investment income due	2,351
1,147 Amounts receivable for sales	0
1,185,650 Total investment assets	1,149,201
Investment liabilities	
Derivative contracts:	
(150) - Futures	99
- - Forward currency contracts	(183)
(183) Investment expenditure due	(149)
(333) Total investment liabilities	(233)
1,185,317 Net investment assets	1,148,968

NOTE 14A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS & DERIVATIVES

Market value 1 April 2019	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2020

Period 2019/20	£000s	£000s	£000s	£000s	£000s	£000s
Bonds	88,278	30,830	(27,041)		(1,446)	90,621
Equities	43,141	989	0		885	45,015
Pooled investments	824,211	10,111	(8,764)	(3,347)	(56,174)	766,037
Pooled property	69,598	18,505	0	(684)	2,825	90,244
Private equity	98,549	10,765	(10,973)	(1,610)	5,347	102,078
	1,123,777	71,200	(46,778)	(5,641)	(48,563)	1,093,995
Derivatives contracts:						
Futures	66	901	(1,290)	-	422	99
Options						
Forward foreign exchange	33	486	(455)	-	(247)	(183)
	99	1,387	(1,745)	-	175	(84)
	1,123,876	72,587	(48,523)	(5,641)	(48,388)	1,093,911
Other investment balances						
Cash deposits	58,091				2,799	52,855
Investment income due	2,386					2,355
Pending investment sales	1,147					(149)
Other investment expenses	(183)				(9)	-
Net investment assets	1,185,317	72,587	(48,523)	(5,641)	(45,589)	1,148,968

	Market value 1 April 2018	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2019
Period 2018/19	£000s	£000s	£000s	£000s	£000s	£000s
Fixed interest securities	82,344	23,989	(18,982)	-	927	88,278
Equities	192,565	143,829	(301,690)	-	8,437	43,141
Pooled investments	620,173	193,379	(32,356)	(3,474)	46,489	824,211
Pooled property	67,887	-	(1)	-	1,712	69,598
Private equity	63,333	29,985	(13,045)	(2,092)	20,368	98,549
	1,026,302	391,182	(366,074)	(5,566)	77,933	1,123,777
Derivatives contracts:						
Futures	173	4,078	(2,130)	-	(2,055)	66
Forward foreign exchange	43	1,612	(2,288)	-	666	33
	216	5,690	(4,418)	-	(1,389)	99
	1,026,518	396,872	(370,492)	(5,566)	76,544	1,123,876
Other investment balances						
Cash deposits	69,956				3,553	58,091
Investment income due	2,346					2,386
Pending investment sales	-					1,147
Other investment expenses	(476)				(444)	(183)
Net investment assets	1,098,344				79,653	1,185,317

Purchases and sales of derivatives are recognised in Note 14a above as follows:

- Futures – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss.
- Forward currency contracts – forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

NOTE 14B: ANALYSIS OF INVESTMENTS

Market value 31 March 2019 £000s	Market value 31 March 2020 £000s
Bonds	
UK	
4,703	2,702
39,103	42,100
Overseas	
1,868	806
42,604	45,013
88,278	90,621
Equities	
43,141	45,015
-	-
43,141	45,015
Pooled funds –additional analysis	
89,072	90,762
458,410	426,985
50,041	38,925
46,806	36,286
72,354	73,161
30,911	29,321
25,921	27,839
50,696	43,676
824,211	766,037
Pooled property investments	
69,598	67,866
69,598	67,866
Private equity	
4,610	6,791
17,045	21,764
72,283	73,524
4,611	22,377
98,549	124,456
Derivatives- Assets	
215	168
33	-
248	168
1,124,025	1,094,164
58,091	52,855
2,386	2,351
1,147	-
1,185,649	1,149,369
Investment liabilities	
(149)	-
-	
(183)	(252)
(332)	(149)
(401)	
1,185,317	Net investment assets
	1,148,968

NOTE 14C: INVESTMENTS ANALYSED BY FUND MANAGER

		Market value 31 March 2019		Market value 31 March 2020	
		£000s	%	£000s	%
Fixed income securities					
90,940	7.7%	Western Asset Management		91,756	8.0%
Equities					
765	0.1%	Trilogy		881	0.1%
43,141	3.6%	International Public Partnerships		45,015	3.9%
Pooled investments					
89,072	7.5%	Blackrock indexed linked bonds		90,762	7.9%
12,022	1.0%	Blackrock UK passive fund		9,782	0.9%
155,836	13.2%	Blackrock Global passive		148,736	12.9%
110,109	9.3%	MFS global equities		102,567	8.9%
75,336	6.4%	LCIV Baillie Gifford global equities		74,376	6.5%
28,156	2.4%	LCIV JP Morgan emerging equities		23,420	2.0%
76,950	6.5%	LCIV Longview		67,187	5.8%
50,696	4.3%	LCIV CQS Multi asset		43,676	3.8%
50,041	4.2%	Lansdowne hedge fund		38,925	3.4%
19,147	1.6%	York Capital hedge fund		11,051	1.0%
72,354	6.1%	M&G inflation opportunities		73,161	6.4%
30,911	2.6%	Insight hedge fund		29,321	2.6%
27,659	2.3%	Davidson Kempner hedge fund		27,839	2.4%
1,147	0.1%	Gruss hedge fund		-	-
25,921	2.2%	CFM hedge fund		25,235	2.2%
Pooled property					
338	-	RREEF commercial property		-	-
36,797	3.1%	Blackrock commercial property		34,558	3.0%
33,032	2.8%	Legal & General commercial prop.		33,256	2.9%
Private equity					
72,283	6.1%	Adam St Partners fund of funds		73,523	6.4%
17,045	1.4%	Antin European infrastructure		21,764	1.9%
4,610	0.4%	Brockton opportunistic property		6,791	0.6%
4,611	0.4%	CBRE UK secured long income fund		22,377	1.9%
Cash & accruals					
34,474	2.9%	Goldman Sachs cash		35,868	3.1%
17,063	1.4%	Northern Trust cash		16,587	1.4%
35	-	Blackrock MMF		-	-
(183)	-	Enfield Investment accruals		-	-
1,185,317	100.0%			1,1148,968	100.0%

The following investments represent more than 5% of the net assets of the scheme. All of these companies are registered in the UK.

Security	Market value	% of total	Market value	% of total
	31 March 2019	Fund	31 March 2020	Fund
	£000s		£000s	
Blackrock –global equities	155,836	13.2%	158,518	13.8%
MFS – global equities	110,109	9.3%	102,567	8.9%
Western Asset – corporate bonds	90,940	7.7%	92,276	8.0%
Blackrock – indexed linked bonds	89,072	7.5%	90,762	7.9%
LCIV – Longview global equities	76,950	6.5%	67,187	5.8%
LCIV – Baillie Gifford global equities	75,336	6.4%	74,376	6.5%
M&G Inflation opportunities	72,354	6.1%	73,161	6.4%
Adam Street Partners – private equity	72,283	6.1%	73,523	6.4%

NOTE 14D: STOCK LENDING

The Fund's investment strategy does not permit stock lending.

NOTE 15a: ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives maybe used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreements in place between the fund and the various investment managers.

a) Futures

The fund had to hold cash assets towards the end of the year in order to meet an expected peak in retirements. The pension fund committee did not want this cash to be 'out of the market' and so bought index-based futures contracts which had an underlying economic value broadly equivalent to the cash held in anticipation of the cash outflow for year-end retirements. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund's quoted equity and bond portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the relevant fund manager currency programme in place managed by the global custodian, and hedges a proportion of the overseas holdings

Open forward currency contracts

Settlement	Currency bought	Local value 000	Currency sold	Local value 000	Asset value £000	Liability value £000
1-6 months	GBP	693	EUR	(804)	0	(19)
1-6 months	GBP	3,427	USD	(4,434)	0	(146)
1-6 months	USD	663	GBP	(553)	0	(18)
Open forward currency contracts at 31 March 2019				0	(183)	
Net forward currency contracts at 31 March 2019						(183)

Prior year comparative

Open forward currency contracts at 31 March 2019	33	-
Net forward currency contracts at 31 March 2019		33

Futures**Outstanding exchange traded futures contracts are as follows:**

Type	Assets	Expires	Economic	Market value	Economic	Market value
			exposure	31 March 2019 £000s	exposure	31 March 2020 £000s
UK Fixed income	Less than a year	-	-	-	6,129	89
Overseas fixed income	Less than a year	11,665	215	430	79	
Total assets			215			168
Overseas fixed income		(5,646)	(149)	(716)		(69)
Total liabilities			(149)			(69)
Net Futures			66			99

NOTE 15b: HEDGE ACCOUNTING

Hedging is the process of entering into a derivative contract with the objective of reducing or eliminating exposure to a particular type of risk. This is achieved because expected changes in the value or cash flows of the hedged item move in the opposite direction to expected changes in the value or cash flow of other investment holdings.

NOTE 16: FAIR VALUE – BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
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Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – hedge funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Property held in a limited partnership	Level 3	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices	
Private equity	Level 3	Comparable valuation of similar companies in accordance with	EBITDA multiple Revenue multiple Discount for lack of marketability	Valuations could be affected by material events occurring between the date of

<i>International Private Equity and Venture Capital Valuation Guidelines (2012)</i>	Control premium	the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
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Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above are likely to be accurate to 10% within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2020

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2020 £000s	Value on increase £000s	Value on decrease £000s
UK secured long income fund	10%	22,377	+2,237	-2,237
UK opportunistic property	10%	6,791	+679	-679
European Infrastructure	10%	21,764	+2,176	-2,176
Private equity fund of funds	10%	73,524	+7,352	-7,352
Total		124,456	+12,445	-12,445

NOTE 16A: FAIR VALUE HIERARCHY

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

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

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

Values at 31 March 2020	Quoted market price £000s	Using observable inputs £000s	With significant unobservable inputs £000s	Total £000s
	Level 1 £000s	Level 2 £000s	Level 3 £000s	
Financial assets at fair value	98,941	925,921	124,508	1,149,369
Financial liabilities at fair value	(69)	(332)	-	(401)
Net investment assets	98,872	925,589	124,508	1,148,969

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Values at 31 March 2019	Level 1 £000s	Level 2 £000s	Level 3 £000s	£000s
Financial assets at fair value	131,420	894,057	98,549	1,124,026
Financial liabilities at fair value	-	(150)	-	(150)
Net investment assets	131,420	893,907	98,549	1,123,876

NOTE 16B: TRANSFERS BETWEEN LEVELS 1 AND 2

There has been no movement during 2019/20.

NOTE 16C: RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market value 1 April 2019	Transfers in/out of level	Purchases during the year	Sales during the year	Unrealised gains/losses	Realised gains/losses	Market value 31 March 2020
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Property	5,888	-	432	(3,066)	-	1,356	4,610
Infrastructure	2,178	-	13,195	-	1,672	-	17,045
Venture capital	55,267	-	11,408	(9,979)	9,729	5,858	72,283
Pooled Hedge Funds	8,831	(8,831)	-	-	-	-	-
UK secured long income fund	-	-	4,950	-	(339)	-	4,611
	72,164	(8,831)	29,985	(13,045)	11,062	7,214	98,549

NOTE 17: FINANCIAL INSTRUMENTS**NOTE 17A: CLASSIFICATION OF FINANCIAL INSTRUMENTS**

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period

31 March 2019			31 March 2020		
Fair value through profit& loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit& loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£000s	£000s	£000s	£000s	£000s	£000s

Financial assets			
88,278		Bonds	90,621
43,141		Equities	45,015
824,211		Pooled investments	766,037
69,598		Pooled property	90,244
98,549		Private equity	102,078
248		Derivative contracts	168
	58,091	Cash deposits	52,855
	2,547	Other investment balances	2,351
	815	Trade debtors	
1,124,025	61,453	Total financial assets	1,094,163 55,206 -
(149)		Financial liabilities	
	(183)	Derivative contracts	(252)
		Other investment balances	(149)
	(632)	Trade creditors	
(149)	-	Total financial liabilities	- (401)
1,123,876	61,453	Grand total	1,094,163 55,206 (401)

NOTE 17B: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2019		31 March 2020	
		£000s	
Financial assets			
76,544	Designated at fair value through profit & loss		(49,312)
3,109	Loans & receivables		1,829
79,653	Total		(47,483)

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

NOTE 18: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and risk management

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

Responsibility for the fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

1. the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
2. specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

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

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2019/20 reporting period (based on assumption made in December 2019 on data provided by the Fund's investment consultant). The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset type	Potential market movements (+/-)	Potential market movements (+/-)
	2018/19	2019/20
Fixed income government bond	1.2%	1.4%
Inflation-linked government bonds	1.2%	1.2%

Investment grade corporate bonds	2.0%	2.2%
Equities	7.0%	6.5%
Private equity	9.3%	8.7%
Real estate	5.3%	5.5%
Hedge funds	4.2%	3.7%

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset type	Value at 31 March 2020	Potential value on increase	Potential value on decrease
	£000	£000	£000
Fixed income government bond	44,803	+627	-627
Inflation-linked government bonds	90,778	+ 1,089	- 1,089
Investment grade corporate bonds	45,819	+1008	-1008
Equities	472,119	+30,688	-30,688
Private equity	80,779	+7,030	-7,030
Real estate	98,805	+5,434	-5,434
Hedge funds	282,512	+10,453	-10,453
Cash & accruals	55,060	-	-
	1,170,675	+56,329	-56,329

Asset type	Value at 31 March 2019	Potential value on increase	Potential value on decrease
	£000	£000	£000
Fixed income government bond	43,806	+526	-526
Inflation-linked government bonds	89,072	+ 1,069	- 1,069
Investment grade corporate bonds	44,473	+889	-889
Equities	501,551	+35,109	-35,109
Private equity	72,283	+6,722	-6,722
Real estate	91,253	+4,836	-4,836
Hedge funds	281,340	+11,816	-11,816
Cash & accruals	61,539	-	-
	1,185,317	+60,967	-60,967

Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

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

advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Assets exposed to interest rate risk	Value as at 31 March 2020	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
			£000	£000
Cash deposits	-	-	-	-
Cash & cash equivalents	52,855	529	-	-
Cash balances	13	-	-	-
Bonds	225,059	2,250	227,309	222,809
Total	277,927	2,779	227,309	222,809

Assets exposed to interest rate risk	Value as at 31 March 2019	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
			£000	£000
Cash deposits	5,000	50	-	-
Cash & cash equivalents	53,091	531	-	-
Cash balances	13	-	-	-
Bonds	177,350	1,774	179,124	175,576
Total	235,454	2,355	179,124	175,576

Income exposed to interest rate risks	Amount receivable as at 31 March 2020	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
			£000	£000
Interest on cash deposits	561	6	567	554
Bonds	3,440	34	3,474	3,406
Total	4,001	40	4,041	4,960

Income exposed to interest rate risks	Amount receivable as at 31 March 2019	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
			£000	£000
Interest on cash deposits	728	7	735	721
Bonds	3,290	33	3,323	3,257
Total	4,018	40	4,058	3,978

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (UK sterling). The fund holds both monetary and non-monetary assets denominated in currencies other than UK sterling.

The fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data in consultation with the fund investment advisors, the council considers the likely volatility associated with foreign exchange rate movements to be 10%.

A 10% fluctuation in the currency is considered reasonable. This analysis assumes that all other variables, in particular interest rates, remain constant.

Assets exposed to currency risk	Assets value as at 31 March 2020	Potential movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Canadian Dollar	1,079	108	1,187	971
Danish Krone	4,091	409	4,500	3,682
Euro	34,661	3,466	38,127	31,195
Hong Kong Dollar	7,993	799	8,792	7,194
Japanese Yen	18,787	1,879	20,666	16,908
Swedish Krona	5	1	6	4
Norwegian Krone	611	61	672	550
Swiss Franc	1,153	115	1,268	1,038
US Dollar	222,875	22,288	245,163	200,587
	291,255	29,126	320,381	262,129

Assets exposed to currency risk	Assets value as at 31 March 2019	Potential movement	Value on increase	Value on decrease
	£000	£000	£000	£000
Australian Dollar	1,562	156	1,718	1,406
Canadian Dollar	1	-	1	1
Danish Krone	737	74	811	663
Euro	39,617	3,962	43,579	35,655
Japanese Yen	291	29	320	262
Mexican Peso	677	68	745	609
Norwegian Krone	6	1	7	5
Singapore Dollar	1,143	114	1,257	1,029
South African Rand	480	48	528	432
Swedish Krona	541	54	595	487
Swiss Franc	1,089	109	1,198	980
US Dollar	161,988	16,199	178,187	145,789
	208,132	20,814	228,946	187,318

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives' positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the council invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2020 was £52.9m (31 March 2019 - £58.1m). This was held with the following institutions:

	Rating	Balances as at 31 March 2019 £000	Balances as at 31 March 2020 £000
Termed deposits			
Close Brothers	A-	5,009	-
Money market funds			
Goldman Sachs money market fund	AAAm	34,474	35,868
Blackrock money market fund	AAAm	35	-
Bank current accounts			
HSBC	AA-	12	53
Northern Trust Custodian	AA-	17,063	4,705
Cash held by fund managers		1,510	12,282
		58,103	52,908

c) Liquidity risk Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings. Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund investment strategy.

All financial liabilities at 31 March 2020 are due within one year.

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

NOTE 19: FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019 and the results was approved by the Pension Policy & Investment Committee at their February 2020 meeting, for implementation from 01 April 2020.

The key elements of the funding policy are:

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

The aim is to achieve 100% solvency over a period of 19 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2019 actuarial valuation, the fund was assessed as 103% funded.

Financial assumptions

The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates are shown in note 20 in the financial assumption section.

Demographic assumptions

The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P Light mortality tables with appropriate scaling factors applied based on the mortality experience of members within the Fund and included an allowance for improvements based on the Continuous Mortality Investigation (CMI) 2014 Core Projections with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 were:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	22.3	24.2
Future pensioners aged 45 at the valuation date	22.9	24.9

NOTE 20: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Enfield Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

- a) The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £1,185.5M) covering 103% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
- b) The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:
 - 18.5% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

Plus

- an allowance of 1.5% of pay for McCloud and cost management – see paragraph i below,
- c) In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 31 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2023 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	19.8	0.008
2021	19.8	0.008
2022	19.8	0.009

- d) The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
- e) The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Summary of Assumptions	31 March 2016 Valuation	31 March 2019 Valuation
Discount rate for periods in service		
Scheduled body funding target *	4.5%p a	4.2%p a
Orphan body funding target	4.1%p a	3.3%p a
Discount rate for periods after leaving service		
Scheduled body funding target*	4.5%p a	4.2%p a
Orphan body funding target	2.5%p a	1.6%p a
Rate of inflationary pay increases	3.5%p a	3.6%p a
Rate of increase to pension accounts	2.0%p a	2.1%p a
Rate of increases in pensions in payment	2.0%p a	2.1%p a

* The scheduled and subsumption body discount rate was used for scheduled bodies and other employers whose liabilities will be subsumed after exit by a scheduled body

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, are set out in the actuarial valuation report.

- f) The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P mortality tables with appropriate scaling factors applied based on an analysis of the Fund's postcode data using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018), with s_k of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.3	24.2
Future pensioners aged 45 at the valuation date	22.9	24.9

- g) The valuation results summarised in paragraphs a and b above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date, although we comment on changes in market conditions to 31 March 2020 in paragraph j below.
- h) The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 31 March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. Since the date the

valuation report was signed, there have been a number of developments in respect of the Local Government Pension Scheme (LGPS):

- i) There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

- **Increases to GMPs:**

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. However, the Government is still exploring various options, including conversion of GMPs to Scheme benefits, in order to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case.

The results of the 2019 valuation do not allow for the impact of potentially extending this interim solution indefinitely, providing full pension increases on GMPs for members reaching State Pension Age after 5 April 2021 nor for conversion of GMPs to Scheme benefits. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

- **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS is expected in the summer of 2020.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 1.5% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the LGPS changes have been agreed depending upon the precise nature of the new final salary underpin, the members in scope, and how this affects the cost management process.

- j) Since the valuation date, Fund asset returns have fallen short of the assumed return of 4.20% over the year to 31 March 2020, on its own leading to a reduction in the funding level. The Actuary, in conjunction with the Administering Authority, will monitor the position on a regular basis and the Administering Authority will take action if it believes necessary.
- k) This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, London Borough of Enfield, the Administering Authority of the Fund, in respect of this Statement.

- I) The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

<https://new.enfield.gov.uk/pensions/wp-content/uploads/2017/10/London-Borough-of-Enfield-Pension-Fund-Actuarial-valuation-as-at-31-March-2019-.pdf>

NOTE 21: CURRENT ASSETS

31 March 2019 £000s		31 March 2020 £000s
	Debtors	
168	Contributions due - employees	208
495	Contributions due - employers	636
72	Sundry debtors	460
53	Prepayments	53
788		1,356
	Cash balances	
13	Current account	13
801		1,370

NOTE 21A: LONG TERM DEBTORS

31 March 2019 £000s		31 March 2020 £000s
	Debtors	
14	Pensioner Tax liability	14
14		14

NOTE 22: CURRENT LIABILITIES

31 March 2019 £000s		31 March 2020 £000s
(19)	Sundry creditors	(275)
(613)	Benefits payable	(285)
(632)		(560)

NOTE 23: ADDITIONAL VOLUNTARY CONTRIBUTIONS

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Fund by the AVC provider are disclosed within transfers-in.

The current provider is Prudential. Funds held are summarised below:

	Opening Balance at 1 st April 19	Contributions & Transfers	Sums Paid Out	Investment Return	Closing Balance at 31 March 2020
	£000s	£000s	£000s	£000s	£000s
Plan Value	3,512	767	(1,100)	103	3,282
Bonus	332				411
	3,844	767	(1,100)	103	3,693

NOTE 24: AGENCY SERVICES

The Enfield Pension Fund does not use any agency services to administer the pension service.

NOTE 25: RELATED PARTY TRANSACTIONS

London Borough of Enfield

The Enfield Pension Fund is administered by the London Borough of Enfield. Consequently, there is a strong relationship between the Council and the Pension fund.

During the reporting period, the Council incurred costs of £1.124m (2018/19: £935k) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The Council is also the single largest employer of members of the pension fund and contributed £39.2m to the fund in (2018/19 £38.2m). At year end the London Borough of Enfield owed the Pension Fund £460k (£72k in 2018/19).

Scheduled and admitted bodies owed the Fund £854k (£664k in 2018/19) from employer & employee contributions. All payments were received by 19th April 2020.

Governance

The Enfield Council has decided that Councillors should not be allowed to join the LGPS scheme and receive pension benefits from the Fund.

No allowances are paid to Members directly in respect of the Pension Policy & Investment Committee. The Chair of the Pension Policy & Investment Committee, however, is paid a special responsibility allowance.

During the year, no member or Council Officer with direct responsibility for pension fund issues had undertaken any declarable material transactions with the Pension Fund. Each member of the Pension Committee is required to declare their interests at meetings.

NOTE 25A: KEY MANAGEMENT PERSONNEL

The key management personnel of the fund are the Pension manager, Finance Manager (Pensions & Treasury) and the Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2019/20 the figures below show the total remuneration and the change in value of post-employment benefits provided to these individuals over the accounting year.

31 March 2019		31 March 2020
£000s		£000s
197	Short-term benefits	229
62	Post-employment benefits	54
259		283

NOTE 26: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) at 31 March 2020 totalled £70m (31 March 2019 totalled £100.6m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Section 3: Statutory Statements – Funding Strategy Statement (FSS)

1. Introduction

This is the Funding Strategy Statement (FSS) of the London Borough of Enfield Pension Fund (“the Fund”), which is administered by the London Borough of Enfield, (“the Administering Authority”).

It has been reviewed by the Administering Authority in collaboration with the Fund’s Actuary, Aon Hewitt. This revised version replaces the previous FSS and is effective from 1 April 2020.

1.1 Regulatory Framework

Scheme members’ accrued benefits are guaranteed by statute. Members’ contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers currently pay the balance of the cost of delivering the benefits to members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

This Statement has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (the ‘LGPS Regulations’). The Statement describes London Borough of Enfield’s strategy, in its capacity as Administering Authority, for the funding of the London Borough of Enfield Pension Fund.

As required by Regulation 58(4)(a), the Statement has been prepared having regard to guidance published by CIPFA in March 2004 and updated guidance published by CIPFA in September 2016.

In accordance with Regulation 58(3), all employers participating within the London Borough of Enfield Pension Fund have been consulted on the contents of this Statement and their views have been taken into account in formulating the Statement. However, the Statement describes a single strategy for the Fund as a whole.

In addition, the Administering Authority has had regard to the Fund’s Investment Strategy Statement published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Investment Regulations).

1.2 Review of FSS

The FSS is reviewed in detail at least every three years ahead of the triennial

valuation being completed. Annex 1 is updated more frequently to reflect any changes to employers.

The Administering Authority will monitor the funding position of the Fund on a regular basis between valuations and will discuss with the Fund Actuary whether any significant changes have arisen that require action.

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries, please contact Bola Tobun in the first instance at bola.tobun@enfield.gov.uk or on 0208 379 6879

2. Purpose

2.1 Purpose of FSS

The Ministry for Housing, Communities & Local Government (MHCLG) stated that the purpose of the FSS is to set out the processes by which the Administering Authority:

- “**establishes a clear and transparent fund-specific funding strategy, that will identify how employers' pension liabilities are best met going forward;**
- **supports desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013;**
- **ensures that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the Fund are met;**
- **takes a prudent longer-term view of funding those liabilities.”**

These objectives are desirable individually, but may be mutually conflicting.

This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence of the funding basis.

2.2 Purpose of the Fund

The Fund is a vehicle by which scheme benefits are delivered. The Fund:

- receives contributions, transfers in and investment income; and
- pays scheme benefits, transfers out, costs, charges and expenses as defined in the LGPS Regulations and as required in the Investment Regulations.

Three objectives of a funded scheme are:

- to reduce the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative;

- not to unnecessarily restrain the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk; and
- to help employers recognise and manage pension liabilities as they accrue, with consideration to the effect on the operation of their business where the Administering Authority considers this appropriate.

Therefore it is the aim of the Fund to enable employer contribution levels to be kept as nearly constant as possible and (subject to the Administering Authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining Fund solvency and long term cost efficiency, which should be assessed in light of the risk profile of the Fund and the risk appetite of the Administering Authority and employers alike.

The roles and responsibilities of the key parties involved in the management of the pension scheme are summarised in Annex 2.

2.3 Aims of the Funding Policy

The objectives of the Fund's funding policy include the following:

- to comply with regulation 62 of the LGPS Regulations, and specifically;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure the long-term solvency and long term cost efficiency of the Fund as a whole and the solvency of each of the sub-funds notionally allocated to individual employers, which should be assessed in light of the risk profile of the Fund and Employers;
- to minimise the degree of short-term change in the level of employers' contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employees, to the extent that this is practical and cost effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

3.1 Derivation of Employer Contributions

Employer contributions are normally made up of two elements:

- a) the estimated cost of future benefits being accrued, referred to as the “*future service rate*” or the primary contribution rate; plus
- b) an adjustment for the funding position of accrued benefits relative to the Fund’s funding target, the “*past service adjustment*”. If there is a surplus there may be a contribution reduction. If there is a deficit, there may be a contribution addition, with the surplus or deficit spread over an appropriate period. This is known as the secondary contribution.

The Fund’s Actuary is required by the regulations to report the *Primary Contribution Rate*¹, for all employers collectively at each triennial valuation. There is no universally agreed interpretation of the composition of the Primary Rate across Local Government Pension Scheme Funds. For the purpose of publishing a Primary Contribution Rate, the aggregate future service rate is used.

The Fund’s Actuary is also required to adjust the Primary Contribution Rate for circumstances which are deemed “peculiar” to an individual employer². It is the adjusted contribution rate which employers are actually required to pay, and this is referred to as the Secondary employer contribution requirement.

In effect, the *Primary Contribution Rate* is a notional quantity. Separate future service rates are calculated for each employer, or pool, together with individual past service adjustments according to employer (or pool) -specific spreading and phasing periods.

Any costs of early retirements, other than on the grounds of ill-health, must be paid as lump sum payments at the time of the employer’s decision in addition to the contributions described above (or by instalments shortly after the decision).

Employers’ contributions are expressed as minima, with employers able to pay regular contributions at a higher rate. Employers should discuss their intentions with the Administering Authority before making any additional capital payments.

3.2 Funding Principle

The Fund is financed on the principle that it seeks to provide funds sufficient to enable payment of 100% of the benefits promised.

3.3 Funding Targets

Risk Based Approach

The Fund utilises a risk based approach to funding strategy.

A risk based approach entails carrying out the actuarial valuation on the basis of the assessed likelihood of meeting the funding objectives, rather than relying

¹ See Regulation 62(5)

² See Regulation 62(7)

on a 'deterministic' approach which gives little idea of the associated risk. In practice, three key decisions are required for the risk based approach:

- what the Solvency Target should be (the funding objective - where the Administering Authority wants the Fund to get to),
- the Trajectory Period (how quickly the Administering Authority wants the Fund to get there), and
- the Probability of Funding Success (how likely the Administering Authority wants it to be now that the Fund will actually achieve the Solvency Target by the end of the Trajectory Period).

These three choices, supported by complex risk modelling carried out by the Fund Actuary, define the appropriate levels of contribution payable now and, by extension, the appropriate valuation approach to adopt now. Together they measure the riskiness of the funding strategy.

These three terms are considered in more detail below.

Solvency Target and Funding Target

Solvency and Funding Success

The Administering Authority's primary aim is long-term solvency. Accordingly, employers' contributions will be set to ensure that 100% of the liabilities can be met over the long term, using appropriate actuarial assumptions. The Solvency Target is the amount of assets which the Fund wishes to hold at the end of the Trajectory Period (see later) to meet this aim.

The Fund is deemed to be solvent when the assets held are equal to or greater than 100% of the Solvency Target, where the Solvency Target is the value of the Fund's liabilities evaluated using appropriate methods and assumptions.

The Administering Authority believes that its funding strategy will ensure the solvency of the Fund because employers collectively have the financial capacity to increase employer contributions should future circumstances require, in order to continue to target a funding level of 100%.

For Scheduled Bodies and Admission Bodies with guarantors of sound covenant agreeing to subsume assets and liabilities following exit, the Solvency Target is set at a level advised by the Fund Actuary as a prudent long-term funding objective for the Fund to achieve at the end of the Trajectory Period based on a long-term investment strategy that allows for continued investment in a mix of growth and matching assets intended to deliver a return above the rate of increases in pensions and pension accounts (CPI).

For Admission Bodies and other bodies whose liabilities are expected to be orphaned following exit, the required Solvency Target will typically be set at a more prudent level dependent on circumstances. For most such bodies, the chance of achieving solvency will be set commensurate with assumed

investment in an appropriate portfolio of Government index linked and fixed interest bonds after exit.

Probability of Funding Success

The Administering Authority deems funding success to have been achieved if the Fund, at the end of the Trajectory Period, has achieved the Solvency Target. The Probability of Funding Success is the assessed chance of this happening based on the level of contributions payable by members and employers, and asset-liability modelling carried out by the Fund Actuary. For this purpose, the Trajectory Period is defined to be the period of 25 years following the valuation date.

Consistent with the aim of enabling employers' total contribution levels to be kept as nearly constant as possible, the required chance of achieving the Solvency Target at the end of the Trajectory Period for each employer or employer group can be altered at successive valuations within an overall envelope of acceptable risk.

The Administering Authority will not permit contributions to be set following a valuation that create an unacceptably low chance of achieving the Solvency Target at the end of the Trajectory Period.

Funding Target

The Funding Target is the amount of assets which the Fund needs to hold at the valuation date to pay the liabilities at that date. It is a product of the data, chosen assumptions, and valuation method. The assumptions for the Funding Target are chosen to be consistent with the Administering Authority's desired Probability of Funding Success.

The valuation method including the components of Funding Target, future service costs and any adjustment for the surplus or deficiency simply serve to set the level of contributions payable, which in turn dictates the chance of achieving the Solvency Target at the end of the Trajectory Period (defined below). The Funding Target will be the same as the Solvency Target only when the methods and assumptions used to set the Funding Target are the same as the appropriate funding methods and assumptions used to set the Solvency Target (see above).

The discount rate, and hence the overall required level of employer contributions, has been set at the 2019 valuation such that the Fund Actuary estimates there is an 80% chance that the Fund would reach or exceed its Solvency Target after 25 years.

Consistent with the aim of enabling employers' contribution levels to be kept as nearly constant as possible:

- Primary contribution rates are set by use of the Projected Unit valuation method for most employers. The Projected Unit method is used in the actuarial valuation to determine the cost of benefits accruing to the Fund as a whole and for employers who continue to admit new members. This

means that the contribution rate is derived as the cost of benefits accruing to employee members over the year following the valuation date expressed as a percentage of members' pensionable pay over that period.

- For employers who no longer admit new members, the Attained Age valuation method is normally used. This means that the contribution rate is derived as the average cost of benefits accruing to members over the period until they die, leave the Fund or retire.

Application to different types of body

Some comments on the principles used to derive the Solvency and Funding Target for different bodies in the Fund are set out below.

Scheduled Bodies and certain other bodies of sound covenant

The Administering Authority will adopt a general approach in this regard of assuming indefinite investment in a broad range of assets of higher risk than low risk assets for Scheduled Bodies whose participation in the Fund is considered by the Administering Authority to be indefinite and for certain other bodies which are long term in nature e.g. Admission Bodies with a subsumption commitment from such Scheduled Bodies.

For other Scheduled Bodies the Administering Authority may without limitation, take into account the following factors when setting the funding target for such bodies:

- the type/group of the employer
- the business plans of the employer;
- an assessment of the financial covenant of the employer;
- any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.

Admission Bodies and certain other bodies whose participation is limited

For Admission Bodies, bodies closed to new entrants and other bodies whose participation in the Fund is believed to be of limited duration through known constraints or reduced covenant, and for which no access to further funding would be available to the Fund after exit the Administering Authority will have specific regard to the potential for participation to cease (or for the employer to have no contributing members), the potential timing of such exit, and any likely change in notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date of exit (i.e. whether the liabilities will become 'orphaned' or whether a guarantor exists to subsume the notional assets and liabilities).

3.4 Full funding

The Fund is deemed to be fully funded when the assets held are equal to 100% of the Funding Target, where the funding target is assessed based on the sum of the appropriate funding targets across all the employers / groups of employers. When assets held are greater than this amount the Fund is deemed to be in surplus, and when assets held are less than this amount the Fund is deemed to be in deficit.

3.5 Ongoing Funding Basis

Demographic assumptions

The demographic assumptions are intended to be best estimates of future experience in the Fund having regard to past experience in the Fund as advised by the Fund Actuary.

It is acknowledged that future life expectancy and in particular, the allowance for future improvements in mortality, is uncertain. The Administering Authority, in discussions with the Actuary, keeps the longevity experience of the Fund members under review. Contributions are likely to increase in future if longevity exceeds the funding assumptions.

The approach taken is considered reasonable in light of the long term nature of the Fund and the assumed statutory guarantee underpinning members' benefits. The demographic assumptions vary by type of member and so reflect the different profile of employers.

Financial assumptions

The key financial assumption is the anticipated return on the Fund's investments. The investment return assumption makes allowance for anticipated returns from the Fund's assets in excess of gilts. There is, however, no guarantee that the assets will out-perform gilts or even match the return on gilts. The risk is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

The problem is that these types of investment are expected to provide higher yields because they are less predictable – the higher yield being the price of that unpredictability. It is therefore imprudent to take advance credit for too much of these extra returns in advance of them actually materialising.

Higher employers' contribution rates would be expected to result if no advance credit was taken. The Administering Authority and the Fund Actuary have therefore agreed that it is sufficiently prudent and consistent with the Regulations to take advance credit for some of the anticipated extra returns, but not all.

3.6 Primary or Future Service Contribution Rates

The Primary (future service) element of the employer contribution requirement is calculated on the ongoing valuation basis, with the aim of ensuring that there are sufficient assets built up to meet future benefit payments in respect of future service.

The approach used to calculate the employer's future service contribution rate depends on whether or not new entrants are being admitted.

Employers should note that only certain employers have the power not to automatically admit all eligible new staff to the Fund, e.g. certain Admission Bodies depending on the terms of their Admission Agreements and employment contracts.

3.7 Adjustments for Individual Employers

Notional sub-funds

In order to establish contribution levels for individual employers, or groups of employers, it is convenient to notionally subdivide the Fund as a whole between the employers, or group of employers where grouping operates, as if each employer had its own notional sub-fund within the Fund.

This subdivision is for funding purposes only. It is purely notional in nature and does not imply any formal subdivision of assets, nor ownership of any particular assets or group of assets by any individual employer or group of employers.

Roll-forward of notional sub-funds

The notional sub-fund allocated to each employer will be rolled forward allowing for all cashflows associated with that employer's membership, including contribution income, benefit outgo, transfers in and out and investment income allocated as set out below. In general, no allowance is made for the timing of contributions and cashflows for each year are assumed to be made half way through the year with investment returns assumed to be uniformly earned over that year.

Further adjustments are made for:

- A notional deduction to meet the expenses paid from the Fund in line with the assumption used at the previous valuation.
- Allowance for any known material internal transfers in the Fund (cashflows will not exist for these transfers). The Fund Actuary will assume an estimated cashflow equal to the value of the Cash Equivalent Transfer Value (CETV) of the members transferring from one employer to the other unless some other approach has been agreed between the two employers.
- Allowance for death in service benefits, ill-health retirement costs and

any other benefits shared across all employers (see earlier).

- An overall adjustment to ensure the notional assets attributed to each employer is equal to the total assets of the Fund which will take into account any gains or losses related to the orphan liabilities.

In some cases information available will not allow for such cashflow calculations. In such a circumstance:

- Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is of low materiality, estimated cashflows will be used.
- Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is material, the Fund Actuary will instead use an analysis of gains and losses to roll forward the notional sub-fund. Analysis of gains and losses methods are less precise than use of cashflows and involve calculation of gains and losses relative to the surplus or deficit exhibited at the previous valuation. Having established an expected surplus or deficit at this valuation, comparison of this with the liabilities evaluated at this valuation leads to an implied notional asset holding.
- Analysis of gains and losses methods will also be used where the results of the cashflow approach appears to give unreliable results, perhaps because of unknown internal transfers.

Fund maturity

To protect the Fund, and individual employers, from the risk of increasing maturity producing unacceptably volatile contribution adjustments as a percentage of pay, the Administering Authority will normally require defined capital streams from employers in respect of any disclosed funding deficiency.

In certain circumstances, for secure employers considered by the Administering Authority as being long term in nature, contribution adjustments to correct for any disclosed deficiency may be set as a percentage of payroll. Such an approach carries an implicit assumption that the employer's payroll will increase at an assumed rate over the longer term. If payroll fails to grow at this rate, or declines, insufficient corrective action will have been taken. To protect the Fund against this risk, the Administering Authority will monitor payrolls and where evidence is revealed of payrolls not increasing at the anticipated rate as used in the calculations, the Administering Authority will consider requiring defined streams of capital contributions rather than percentages of payroll.

Where defined capital streams are required, the Administering Authority will review at future valuations whether any new emerging deficiency will give rise to a new, separate, defined stream of contributions, or will be consolidated with any existing stream of contributions into one new defined stream of contributions.

Attribution of investment income

Where the Administering Authority has agreed with an employer that it will have a tailored asset portfolio notionally allocated to it, the assets notionally allocated to that employer will be credited with a rate of return appropriate to the agreed notional asset portfolio.

Where the employer has not been allocated a tailored notional portfolio of assets, the assets notionally allocated to that employer will be credited with the rate of return earned by the Fund assets as a whole, adjusted for any return credited to those employers for whom a tailored notional asset portfolio exists.

3.8 Stability of Employer Contributions

3.8.1 Recovery and Trajectory Periods

The Trajectory Period in relation to an employer is the period between the valuation date and the date on which solvency is targeted to be achieved.

Where a valuation reveals that the employer or employer group's sub-fund is in surplus or deficiency against the Funding Target, employers' contribution rates will be adjusted to target restoration of full funding over a period of years (the Recovery Period). The Recovery Period to an employer or group of employers is therefore the period over which any adjustment to the level of contributions in respect of a surplus or deficiency relative to the Funding Target used in the valuation is payable.

In the event of a surplus the Administering Authority may at its discretion opt to retain that surplus in the employer's sub-fund (i.e. base that employer's contribution on the primary contribution rate alone without any deduction to reflect surplus) or may determine the deduction for surplus so as to target a funding level of higher than 100% at the end of the Recovery Period. At the 2019 valuation the policy adopted by the Administering Authority for most employers in surplus is to target a funding level of 105% at the end of the Recovery Period.

The Trajectory Period and the Recovery Period are not necessarily equal. The Recovery Period applicable for each participating employer is set by the Administering Authority in consultation with the Fund Actuary and the employer, with a view to balancing the various funding requirements against the risks involved due to such issues as the financial strength of the employer and the nature of its participation in the Fund.

The Administering Authority recognises that a large proportion of the Fund's liabilities are expected to arise as benefit payments over long periods of time. For employers of sound covenant, the Administering Authority is prepared to agree to recovery periods which are longer than the average future working lifetime of the membership of that employer. The Administering Authority recognises that such an approach is consistent with the aim of keeping employer contribution rates as nearly constant as possible. However, the Administering Authority also recognises the risk in relying on long Recovery Periods for employers with a deficiency and has agreed with the Fund Actuary

a limit of 16 years, for employers with a deficiency which are assessed by the Administering Authority as being long term secure employers. For surplus recovery (where applicable) in relation to employers in surplus, the Administering Authority has agreed with the Fund Actuary that a Recovery Period of 19 years will normally be used, or for employers with a fixed term of participation the remaining term of participation may be used as the Recovery Period.

For employers with a deficiency, the Administering Authority's policy is normally to set Recovery Periods for each employer which are as short as possible within this framework, whilst attempting to maintain stability of contribution levels where possible. An exception applies for academies – see subsection 3.9.7. For employers whose participation in the fund is for a fixed period it is unlikely that the Administering Authority and Fund Actuary would agree to a Recovery Period longer than the remaining term of participation.

3.8.2 *Grouped contributions*

In some circumstances it may be desirable to group employers within the Fund together for funding purposes (i.e. to calculate employer contribution rates). Reasons might include reduction of volatility of contribution rates for small employers, facilitating situations where employers have a common source of funding or accommodating employers who wish to share the risks related to their participation in the Fund.

The Administering Authority recognises that grouping can give rise to cross subsidies from one employer to another over time. Employers may be grouped entirely, such that all of the risks of participation are shared, or only partially grouped such that only specified risks are shared. The Administering Authority's policy is to consider the position carefully at the initial grouping and at each valuation and to notify each employer that is grouped, which other employers it is grouped with, and details of the grouping method used. If the employer objects to this grouping, it will be offered its own contribution rate on an ungrouped basis. For employers with more than 50 contributing members, the Administering Authority would look for evidence of homogeneity between employers before considering grouping. For employers whose participation is for a fixed period grouping is unlikely to be permitted.

Best Value Admission Bodies continue to be ineligible for grouping.

Where employers are grouped for funding purposes, this will only occur with the consent of the employers involved.

All employers in the Fund are grouped together in respect of the risks associated with payment of lump sum and spouses pension benefits on death in service as well as ill-health retirement costs – in other words, the cost of such benefits is shared across the employers in the Fund. Such benefits can cause immediate funding strains which could be significant for some of the smaller employers without insurance or sharing of risks. The Fund, in view of its size,

does not see it as cost effective or necessary to insure these benefits externally and this is seen as a pragmatic and low-cost approach to spreading the risk.

3.8.3 Stepping

Again, consistent with the desirability of keeping employer contribution levels as nearly constant as possible, the Administering Authority will consider, at each valuation, whether new contribution rates should be payable immediately, or should be reached by a series of steps over future years. The Administering Authority will discuss with the Fund Actuary the risks inherent in such an approach, and will examine the financial impact and risks associated with each employer. The Administering Authority's policy is that in the normal course of events no more than three annual steps will be permitted. Further steps may be permitted in extreme cases in consultation with the Fund Actuary, but the total is very unlikely to exceed six steps.

3.8.4 Long-term cost efficiency

In order to ensure that measures taken to maintain stability of employer contributions are not inconsistent with the statutory objective for employer contributions to be set so as to ensure the long-term cost efficiency of the Fund, the Administering Authority has assessed the actual contributions payable by considering:

- The implied average deficit recovery period, allowing for the stepping of employer contribution changes where applicable;
- The investment return required to achieve full funding over the recovery period; and
- How the investment return compares to the Administering Authority's view of the expected future return being targeted by the Fund's investment strategy

3.8.5 Inter-valuation funding calculations

In order to monitor developments, the Administering Authority may from time to time request informal valuations or other calculations. Generally, in such cases the calculations will be based on an approximate roll forward of asset and liability values, and liabilities calculated by reference to assumptions consistent with the most recent preceding valuation. Specifically, it is unlikely that the liabilities would be calculated using individual membership data, and nor would the assumptions be subject to review as occurs at formal triennial valuations.

3.9 Special Circumstances related to certain employers

3.9.1 Interim reviews

Regulation 64(4) of the LGPS Regulations provides the Administering Authority with a power to carry out valuations in respect of employers which are expected

to cease at some point in the future, and for the Fund Actuary to certify revised contribution rates, between triennial valuation dates.

The Administering Authority's overriding objective at all times in relation to Admission Bodies is that, where possible, there is clarity over the Funding Target for that body, and that contribution rates payable are appropriate for that Funding Target. However, this is not always possible as any date of exit of participation may be unknown (for example, participation may be assumed at present to be indefinite), and also because market conditions change daily.

The Administering Authority's general approach in this area is as follows:

- Where the date of exit is known, and is more than three years hence, or is unknown and assumed to be indefinite, interim valuations will generally not be carried out at the behest of the Administering Authority.
- For Admission Bodies falling into the above category, the Administering Authority sees it as the responsibility of the relevant Scheme Employer to instruct it if an interim valuation is required. Such an exercise would be at the expense of the relevant Scheme Employer unless otherwise agreed.
- A material change in circumstances, such as the date of exit becoming known, material membership movements or material financial information coming to light may cause the Administering Authority to informally review the situation and subsequently formally request an interim valuation.
- For an employer whose participation is due to cease within the next three years, the Administering Authority will keep an eye on developments and may see fit to request an interim valuation at any time.

Notwithstanding the above guidelines, the Administering Authority reserves the right to request an interim valuation of any employer at any time if Regulation 64(4) applies.

3.9.2 Guarantors

Some employers may participate in the Fund by virtue of the existence of a Guarantor. The Administering Authority maintains a list of employers and their associated Guarantors. The Administering Authority, unless notified otherwise, sees the duty of a Guarantor to include the following:

- If an employer ceases and defaults on any of its financial obligations to the Fund, the Guarantor is expected to provide finance to the Fund such that the Fund receives the amount certified by the Fund Actuary as due, including any interest payable thereon.
- If the Guarantor is an employer in the Fund and is judged to be of suitable covenant by the Administering Authority, the Guarantor may defray

some of the financial liability by subsuming the residual liabilities into its own pool of Fund liabilities. In other words, it agrees to be a source of future funding in respect of those liabilities should future deficiencies emerge.

- During the period of participation of the employer a Guarantor can at any time agree to the future subsumption of any residual liabilities of an employer. The effect of that action would be to reduce the Funding and Solvency Targets for the employer, which would probably lead to reduced contribution requirements.

3.9.3 Bonds and other securitization

Paragraph 6 of Schedule 2 Part 3 of the LGPS Regulations creates a requirement for a new admission body to carry out, to the satisfaction of the Administering Authority (and Scheme Employer in the case of an Admission Body admitted under paragraph 1 (d)(i) of that part of the Regulations), an assessment taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up or liquidation of the admission body.

Where the level of risk identified by the assessment is such as to require it, the Admission Body shall enter into an indemnity or bond with an appropriate party.

Where for any reason it is not desirable for an Admission Body to enter into an indemnity bond, the Admission Body is required to secure a guarantee in a form satisfactory to the Administering Authority from an organisation who either funds, owns or controls the functions of that admission body.

The Administering Authority's approach in this area is as follows:

- In the case of Admission Bodies admitted under Paragraph 1(d) of Part 3, Schedule 2 of the LGPS Regulations and other Admission Bodies with a Guarantor, and so long as the Administering Authority judges the relevant Scheme Employer or Guarantor to be of sufficiently sound covenant, any bond exists purely to protect the relevant Scheme Employer or Guarantor on default of the Admission Body. As such, it is entirely the responsibility of the relevant Scheme Employer or Guarantor to arrange any risk assessments and decide the level of required bond from the Admission Body, if any. The Administering Authority will be pleased to supply some standard calculations provided by the Fund Actuary to aid the relevant Scheme Employer or Guarantor, but this should not be construed as advice to the relevant Scheme Employer or Guarantor on this matter. Once the Scheme Employer or Guarantor confirms their agreement to the level of bond cover proposed, the Administering Authority will be happy to supply a separate document (provided by the Fund Actuary) to the Admission Body setting out the level of cover that the Administering Authority and Scheme Employer/Guarantor consider suitable. Again, this should not be construed as advice relevant to the Admission Body on this matter. The Administering Authority notes that levels of required bond cover can

fluctuate and recommends that relevant Scheme Employers review the required cover regularly, at least once a year.

- In the case of Admission Bodies admitted under Paragraph 1(d) of Part 3, Schedule 2 of the Regulations or Admission Bodies admitted under that Part of the Regulations where the Administering Authority does not judge the relevant Scheme Employer to be of sufficiently strong covenant and Admission Bodies admitted under Paragraph 1(e) of Part 3, Schedule 2 of the Regulations where there is no Guarantor or where the Administering Authority does not judge the Guarantor to be of sufficiently strong covenant, the Administering Authority must be involved in the assessment of the required level of bond to protect the Fund. The admission will only be able to proceed once the Administering Authority has agreed the level of bond cover. As such, the Administering Authority will obtain some "standard" calculations from the Fund Actuary to assist them to form a view on what level of bond would be satisfactory. The Administering Authority will be pleased to supply this calculation to the Scheme Employer or Guarantor, where relevant, but this should not be construed as advice to the relevant Scheme Employer or Guarantor on this matter. Once the Scheme Employer or Guarantor, where relevant, confirms their agreement to the level of bond proposed, the Administering Authority will be happy to provide a separate document to the Admission Body setting out the level of cover which the Administering Authority and Scheme Employer/Guarantor, where relevant, consider suitable, but this should not be construed as advice relevant to the Admission Body on this matter. The Administering Authority notes that levels of required bond cover can fluctuate and will require the relevant Scheme Employer or Guarantor, where relevant, to jointly review the required cover with it regularly, at least once a year.

3.9.4 Subsumed liabilities

Where an employer is ceasing participation in the Fund such that it will no longer have any contributing members, it is possible that another employer in the Fund agrees to provide a source of future funding in respect of any emerging deficiencies in respect of those liabilities.

In such circumstances the liabilities are known as subsumed liabilities (in that responsibility for them is subsumed by the accepting employer). For such liabilities the Administering Authority will assume that the investments held in respect of those liabilities will be the same as those held for the rest of the liabilities of the accepting employer. Generally, this will mean assuming continued investment in more risky investments than Government bonds.

3.9.5 Orphan liabilities

Where an employer is exiting the Fund such that it will no longer have any contributing members, unless any residual liabilities are to become subsumed liabilities, the Administering Authority will act on the basis that it will have no further access for funding from that employer once any exit valuation, carried out in accordance with Regulation 64, has been completed and any sums due

have been paid. Residual liabilities of employers from whom no further funding can be obtained are known as orphan liabilities.

The Administering Authority will seek to minimise the risk to other employers in the Fund that any deficiency arises on the orphan liabilities such that this creates a cost for those other employers to make good the deficiency. To give effect to this, the Administering Authority will seek funding from the outgoing employer sufficient to enable it to match the liabilities with low risk investments, generally Government fixed interest and index linked bonds.

To the extent that the Administering Authority decides not to match these liabilities with Government bonds of appropriate term then any excess or deficient returns will be added to or deducted from the investment return to be attributed to the notional assets of the other employers participating in the Fund.

3.9.6 Cessation of participation

Where an employer ceases participation, an exit valuation will be carried out in accordance with Regulation 64. That valuation will take account of any activity as a consequence of cessation of participation regarding any existing contributing members (for example any bulk transfer payments due) and the status of any liabilities that will remain in the Fund.

In particular, the exit valuation may distinguish between residual liabilities which will become orphan liabilities, and liabilities which will be subsumed by other employers.

Unless the Administering Authority has agreed to the contrary, the Funding Target in the exit valuation will anticipate investment in low risk investments such as Government bonds.

For subsumed liabilities, the Administering Authority may in its absolute discretion instruct the Actuary to value those liabilities using the Funding Target appropriate to the accepting employer.

The departing employer will be expected to make good any deficit revealed in the exit valuation. The fact that liabilities may become subsumed liabilities does not remove the possibility of an exit payment being required from the employer.

In relation to employers exiting on or after 14 May 2018, where there is an agreement between the departing employer and the accepting employer that a condition of accepting the liabilities is that there is to be no exit credit to the exiting employer on exit, all of the assets which are notionally allocated to the liabilities being accepted will transfer to the accepting employer and no exit credit will be paid to the departing employer.

In all other cases where the exit valuation above shows a surplus in relation to employers exiting on or after 14 May 2018, an exit credit will be paid to the exiting employer within 3 months of the later of (a) the exit date; and (b) the

date when the employer has provided the Fund with all requisite information in order for the Fund to facilitate the exit valuation.

3.9.7 Academies

Academies are scheduled bodies and, as such, have an automatic right to join the LGPS. Guidance has been issued by the Secretaries of State for Education and Communities and Local Government but in practice differing approaches are being taken when setting the funding strategy for academies.

New Academy conversions

In future for a new academy conversion while the London Borough of Enfield's sub-fund is in deficit, the Administering Authority's standard approach will be to:

- Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;
- Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund based on what is known as a "prioritised share of fund" approach. This means that the academy will inherit an appropriate share of the deficit attributable at conversion to the London Borough of Enfield's former employees as well as the academy's own employees.
- Set contribution levels prior to the next valuation in line with the London Borough of Enfield's contribution rate, provided this leads to a Recovery Period for the Academy which is no longer than the Recovery Period for the London Borough of Enfield. In the latter case the Recovery Period would be set to coincide with the Recovery Period for the London Borough of Enfield and a contribution level determined accordingly.

In future for a new academy conversion while the London Borough of Enfield's sub-fund is in surplus, the Administering Authority's standard approach will be to:

- Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;
- Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund which is equal to the value placed on the liabilities upon conversion for the academy's current employees.
- Set contribution levels prior to the next valuation in line with the London Borough of Enfield's future service ("primary") contribution rate.

The same principles as above apply for the allocation of assets and liabilities in cases where a local authority school is being converted to join a Multi Academy Trust. However, the contribution level required will be in line with the rate applicable to the Multi Academy Trust.

Existing academies and Multi Academy Trusts

Where contributions are reviewed at triennial valuations, the same principles apply in relation to existing academies and Multi Academy Trusts as for other employers.

The exception is that for academies which converted on or after 1 April 2017 with a deficit and whose sub-fund has subsequently remained in deficit (and where the London Borough of Enfield's sub-fund is also in deficit at that valuation), the contribution levels for the academy will normally be set in line with the London Borough of Enfield's rate provided this leads to a Recovery Period not longer than the relevant period for the London Borough of Enfield (in which case the Recovery Period will be set to coincide with the Recovery Period for the London Borough of Enfield).

3.9.8 Admission Bodies with 10 members or fewer

In the case of an Admission Body which has 10 members or fewer (active members, deferred pensioners and pensioners) at a triennial valuation date or on its admission to the Fund between valuations, the Administering Authority may at its sole discretion permit/require the employer to pay the same long-term total % of pay contribution rate as applies for the London Borough of Enfield.

The above approach (which can involve higher/lower contribution levels being required than might be the case if the contributions were set on an employer-specific basis) is adopted in the interests of simple and cost-effective administration, having weighed up the advantages of the approach against the associated risks. The Administering Authority will keep the approach under review at future valuations.

3.10 Early Retirement Costs

3.10.1 Non Ill-Health retirements

The Actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health. All employers, irrespective of whether or not they are pooled, are required to pay additional contributions wherever an employee retires early (see below) with no reduction to their benefit or receives an enhanced pension on retirement. The current costs of these are calculated by reference to formulae and factors provided by the Actuary.

In broad terms it assumed that members' benefits on retirement are payable from the earliest age that the employee could retire without incurring a reduction

to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age, other than on ill-health grounds, are deemed to have retired early. The additional costs of premature retirement are calculated by reference to this age.

4. Links to investment strategy

Funding and investment strategy are inextricably linked. The investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice.

4.1 Investment strategy

The investment strategy currently being pursued is described in the Fund's Investment Strategy Statement.

The investment strategy is set for the long-term, but is reviewed from time to time, normally every three years, to ensure that it remains appropriate to the Fund's liability profile. The Administering Authority has adopted a benchmark, which sets the proportion of assets to be invested in key asset classes such as equities, bonds and property.

The investment strategy of lowest risk would be one which provides cashflows which replicate the expected benefit cashflows (i.e. the liabilities). Equity investment would not be consistent with this.

The lowest risk strategy is not necessarily likely to be the most cost-effective strategy in the long-term.

The Fund's benchmark includes a significant holding in equities and other growth assets, in the pursuit of long-term higher returns than from a liability matching strategy. The Administering Authority's strategy recognises the relatively immature liabilities of the Fund, the security of members' benefits and the secure nature of most employers' covenants.

The same investment strategy is currently followed for all employers. The Administering Authority does not currently operate different investment strategies for different employers.

4.2 Consistency with funding bases

The Administering Authority recognises that future experience and investment returns cannot be predicted with certainty. Instead, there is a range of possible outcomes, and different assumed outcomes will lie at different places within that range.

The more optimistic the assumptions made in determining the Funding Target, the more likely that outcome will sit towards the favourable end of the range of possible outcomes, the lower will be the probability of experience actually matching or being more favourable than the assumed experience, and the lower will be the Funding Target calculated by reference to those assumptions.

The Administering Authority will not adopt assumptions for Scheduled Bodies and certain other bodies which, in its judgement, and on the basis of actuarial advice received, are such that it is less than 55% likely that the strategy will deliver funding success (as defined earlier in this document). Where the Probability of Funding Success is less than 65% the Administering Authority will not adopt assumptions which lead to a reduction in the aggregate employer contribution rate to the Fund.

The Administering Authority's policy will be to monitor an underlying low risk position (making no allowance for returns in excess of those available on Government stocks) to ensure that the Funding Target remains realistic.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

4.3 Balance between risk and reward

Prior to implementing its current investment strategy, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher yielding, but more volatile, asset classes like equities. This process was informed by the use of Asset-Liability techniques to model the range of potential future solvency levels and contribution rates.

Enabling employers to follow alternative investment strategies would require investment in new systems and higher ongoing costs which would have to be borne by the employers. The potential benefits of multiple investment strategies would need to be assessed against the costs.

4.4 Intervaluation Monitoring of Funding Position

The Administering Authority monitors investment performance relative to the growth in the liabilities by means of regular monitoring.

5. Key Risks & Controls

5.1 Types of Risk

The Administering Authority's has an active risk management programme in place. The measures that the Administering Authority has in place to control key risks most likely to impact upon the funding strategy are summarised below under the following headings:

- Investment
- Employer
- Liquidity and maturity
- Liability
- Regulatory and compliance;

- Recovery period; and
- Stepping.

5.2 Investment Risk

The risk of investments not performing (income) or increasing in value (growth) as forecast. Examples of specific risks would be:

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	<p><i>Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.</i></p> <p><i>Commission regular funding updates for the Fund as a whole, on an approximate basis.</i></p> <p><i>Analyse progress at three yearly valuations for all employers.</i></p> <p><i>Inter-valuation roll-forward of liabilities between formal valuations.</i></p>
Systematic risk with the possibility of interlinked and simultaneous financial market volatility	<p><i>The Fund's assets are diversified by asset class, geography and investment managers. The diversification serves to reduce, but not eliminate, the investment risk associated with financial market volatility. The Fund regularly monitors its investment strategy.</i></p>
Insufficient funds to meet liabilities as they fall due	<p><i>Commission regular funding updates for the Fund as a whole, on an approximate basis. Analyse progress at three yearly actuarial valuations.</i></p>
Inadequate, inappropriate or incomplete investment and actuarial advice is taken and acted upon	<p><i>Regular review of advisers in line with national procurement frameworks</i></p>
Counterparty failure	<p><i>The Fund regularly reviews its investment managers to review the risk of operational and counterparty failure for its pooled fund investments. For segregated mandates the Fund employs a global custodian to provide safekeeping. The custodian is reviewed on a periodic basis.</i></p>
Inappropriate long-term investment strategy	<p><i>Set Fund-specific benchmark, informed by Asset-Liability modelling of liabilities. Consider measuring performance and setting managers' targets relative to bond based target, absolute returns or a Liability Benchmark Portfolio and not relative to indices.</i></p>

Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities	<i>Inter-valuation monitoring, as above. Some investment in bonds helps to mitigate this risk.</i>
Active investment manager under-performance relative to benchmark	<i>Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</i>
Pay and price inflation significantly more than anticipated	<i>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in index-linked bonds also helps to mitigate this risk. Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</i>
Effect of possible increase in employers' contribution rate on service delivery and admission/scheduled bodies	<i>Seek feedback from employers on scope to absorb short-term contribution rises. Mitigate impact through deficit spreading and phasing in of contribution rises.</i>

5.3 Employer Risk

Risk	Summary of Control Mechanisms
These risks arise from the ever-changing mix of employers; from short-term and ceasing employers; and the potential for a shortfall in payments and/or orphaned liabilities.	<i>The Administering Authority will put in place a funding strategy statement which contains sufficient detail on how funding risks are managed in respect of the main categories of employer (e.g. scheduled and admitted) and other pension fund stakeholders.</i> <i>The Administering Authority will also consider building up a knowledge base on their admitted bodies and their legal status (charities, companies limited by guarantee, group/subsidiary arrangements) and use this information to inform the Funding Strategy Statement.</i>

5.4 Liquidity and maturity Risk

Risk	Summary of Control Mechanisms
<p>The LGPS is going through a series of changes, each of which will impact upon the maturity profile of the LGPS and have potential cash flow implications. The increased emphasis on outsourcing and other alternative models for service delivery, which result in active members leaving the LGPS; transfer of responsibility between different public sector bodies; scheme changes which might lead to increased opt-outs; the implications of spending cuts – all of these will result in workforce reductions that will reduce membership, reduce contributions and prematurely increase retirements in ways that may not have been taken account of fully in previous forecasts.</p>	<p><i>To mitigate this risk the Administering Authority monitors membership movements on a quarterly basis, via a report from the administrator at quarterly meetings. The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations and deficit contributions may be expressed in monetary amounts (see Annex 1).</i></p> <p><i>In addition to the Administering Authority monitoring membership movements on a quarterly basis, it requires employers with Best Value contractors to inform it of forthcoming changes. It also operates a diary system to alert it to the forthcoming termination of Best Value Admission Agreements to avoid failing to commission the Fund Actuary to carry out an exit valuation for a departing Admission Body and losing the opportunity to call in a debt.</i></p>
<p>There is also a risk of employers ceasing to exist with insufficient funding or adequacy of a bond.</p>	<p><i>The risk is mitigated by seeking a funding guarantee from another scheme employer, or external body, wherever possible and alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. The Administering Authority also vets prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from the extra cost of early retirements on redundancy if the employer failed.</i></p>

5.5 Liability Risk

Risk	Summary of Control Mechanisms
<p>The main risks include inflation, life expectancy and other demographic changes, interest rate and wage and salary inflation which will all impact on future liabilities.</p>	<p><i>The Administering Authority will ensure that the Fund Actuary investigates these matters at each valuation or, if appropriate, more frequently, and reports on developments. The Administering Authority will agree with the Fund Actuary any changes which are necessary to the assumptions underlying the measure of solvency to allow for observed or anticipated changes.</i></p> <p><i>If significant liability changes become apparent between valuations, the Administering Authority will notify all employers of the anticipated impact on costs that will emerge at the next valuation and will review the bonds that are in place for Admission Bodies admitted under Paragraph 1(d) of Part 3, Schedule 2 of the Regulations.</i></p>

5.6 Regulatory and compliance risk

Risk	Summary of Control Mechanisms
<p>The risks relate to changes to both general and LGPS specific regulations, national pension requirements or HM Revenue and Customs' rules.</p>	<p><i>The Administering Authority will keep abreast of all proposed changes. If any change potentially affects the costs of the Fund, the Administering Authority will ask the Fund Actuary to assess the possible impact on costs of the change. Where significant, the Administering Authority will notify employers of the possible impact and the timing of any change.</i></p> <p><i>In particular, for the 2019 valuation, there is currently significant uncertainty as to whether improvements to benefits and/or reductions to employee contributions will ultimately be required under the cost management mechanisms introduced as part of the 2014 Scheme, and also as to what improvements to benefits will be required consequent on the "McCloud" equal treatment judgement. The Administering Authority will consider any guidance emerging on these issues during the course of the valuation process and will consider the appropriate allowance to make in the valuation, taking account of the Fund Actuary's advice. At present the Administering Authority considers an appropriate course of action for the 2019 valuation is to include a loading within the employer contribution rates certified by the Fund Actuary that reflects the possible extra costs to the Fund as advised by the Fund Actuary. It is possible that the allowance within contribution rates might be revisited by the Administering Authority and Fund Actuary at future valuations (or, if legislation permits, before future valuations) once the implications for Scheme benefits and employee contributions are clearer.</i></p>

5.7 Recovery Period

Risk	Summary of Control Mechanisms
Permitting surpluses or deficits to be eliminated over a Recovery Period rather than immediately introduces a risk that action to restore solvency is insufficient between successive measurements, and/ or that the objective of long-term cost efficiency is not met.	<i>The Administering Authority will discuss the risks inherent in each situation with the Fund Actuary and limit the Recovery Period where appropriate. Details of the Administering Authority's policy are set out earlier in this Statement.</i>

5.8 Stepping

Risk	Summary of Control Mechanisms
Permitting contribution rate changes to be introduced by annual steps rather than immediately introduces a risk that action to restore solvency is insufficient in the early years of the process, and/or that the objective of long-term cost efficiency is not met.	<i>The Administering Authority will discuss the risks inherent in each situation with the Fund Actuary and limit the number of permitted steps as appropriate. Details of the Administering Authority's policy are set out earlier in this Statement.</i>

Annex 1 – Responsibilities of Key Parties

The three parties whose responsibilities to the Fund are of particular relevance are the Administering Authority, the individual employers and the Fund Actuary.

Their key responsibilities are set out below.

The Administering Authority should:

- operate the pension fund
- collect investment income and other amounts due to the Fund as set out in the LGPS Regulations including employer and employee contributions;
- pay from the Fund the relevant entitlements as set out in the relevant Regulations;
- invest surplus monies in accordance with the Investment Regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- take measures as set out in the regulations to safeguard the Fund against consequences of employer default;
- manage the valuation process in consultation with the Fund's Actuary;
- prepare and maintain a FSS and a Investment Strategy Statement (ISS), both after proper consultation with interested parties;
- monitor all aspects of the Fund's performance and funding and amend the FSS/ISS as appropriate; and
- effectively manage any potential conflicts of interest arising from its dual role both as Administering Authority and as Scheme Employer.
- Enable the Local Pension Board to review the valuation process as set out in their terms of reference.

The Individual Employers should:

- deduct contributions from employees' pay correctly;
- pay all ongoing contributions, including their own as determined by the Fund Actuary, promptly by the due date;
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;

- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain;
- notify the Administering Authority promptly of all changes to membership or, as may be proposed, which affect future funding;
- pay any exit payments as required in the event of their ceasing participation in the Fund; and
- note and if desired respond to any consultation regarding the Funding Strategy Statement, the Investment Strategy Statement or other policies.

The Fund Actuary should prepare advice and calculations and provide advice on:

- funding strategy and the preparation of the Funding Strategy Statement
- will prepare actuarial valuations including the setting of employers' contribution rates and issue of a Rates and Adjustments Certificate, after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement and the LGPS Regulations
- bulk transfers, individual benefit-related matters such as pension strain costs, compensatory added years costs, etc
- valuations of exiting employers, i.e. on the cessation of admission agreements or when an employer ceases to employ active members
- bonds and other forms of security for the Administering Authority against the financial effect on the Fund and of the employer's default.

Such advice will take account of the funding position and Funding Strategy Statement of the Fund, along with other relevant matters.

The Fund Actuary will assist the Administering Authority in assessing whether employer contributions need to be revised between actuarial valuations as required by the Administration Regulations.

The Fund Actuary will ensure that the Administering Authority is aware of any professional guidance requirements which may be of relevance to his or her role in advising the Administering Authority.

INVESTMENT STRATEGY STATEMENT

1. Introduction

- 1.1 This is the Investment Strategy Statement (ISS) of the London Borough of Enfield Pension Fund adopted by Enfield Council (the Council) in its capacity as Administering Authority of the Local Government Pension Scheme. In this capacity the Council has responsibility to ensure the proper management of the Fund.
- 1.2 The Council has delegated to its Pension Policy & Investment Committee ("the Committee") "all the powers and duties of the Council in relation to its functions as Administering Authority except for those matters delegated to other committees of the Council or to an officer."
- 1.3 The ISS has been prepared by the Committee having taken appropriate advice. It meets the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations).
- 1.4 The ISS is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Strategy with each of its employers and the Pension Board. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

2. Statutory background

- 2.1 Regulation 7(1) of the Regulations requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State.

3. Directions by the Secretary of State

- 3.1 Regulation 8 of the Regulations enables the Secretary of State to issue a Direction if he is satisfied that an administering authority is failing to act in accordance with guidance issued by the Department of Communities and Local Government.
- 3.2 The Secretary of State's power of intervention does not interfere with the duty of elected members under general public law principles to make investment decisions in the best long-term interest of scheme beneficiaries and taxpayers.

4. Advisers

- 4.1 Regulation 7 of the Regulations requires the Council to take proper advice when making decisions in connection with the investment strategy of the Fund. In addition to the expertise of the members of the Pension Policy & Investment Committee and Council officers such advice is taken from:

- Aon Hewitt Ltd – investment consultancy
- Independent consultant member with Fund management experience
- Actuarial advice, which can have implications for the investment strategy, is provided by Aon Hewitt Ltd.

5. Objective of the Fund

- 5.1 The objective of the Fund is to provide pension and lump sum benefits for scheme members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The sums required to fund these benefits and the amounts actually held (i.e. the funding position) are reviewed at each triennial actuarial valuation, or more frequently as required.
- 5.2 The target investment strategy is designed to have an expected return in excess of the discount rate while achieving a level of risk the Committee considers to be appropriate. The aim is to ensure contribution rates are set at a level to attain 100% funding within the timescale agreed with the Fund Actuary and set out in the Funding Strategy Statement.

6 Investment beliefs

- 6.1 The Fund's fundamental investment beliefs which inform its strategy and guide its decision making are:
- The Fund has a paramount duty to seek to obtain the best possible return on its investments taking into account a properly considered level of risk
 - A well-governed and well-managed pension fund will be rewarded by good investment performance in the long term
 - Strategic asset allocation is the most significant factor in investment returns and risk; risk is only taken when the Fund believes a commensurate long term reward will be realised
 - Asset allocation structure should be strongly influenced by the quantum and nature of the Fund's liabilities and the Funding Strategy Statement
 - Since the lifetime of the liabilities is very long the time horizon of the investment strategy should be similarly long term
 - Risk of underperformance by active equity managers is mitigated by allocating a significant portion of the Fund's assets to other asset classes
 - Long-term financial performance of companies in which the Fund invests is likely to be enhanced if they follow good practice in their environmental, social and governance policies
 - Costs need to be properly managed and transparent

7 The suitability of particular investments and types of investments

- 7.1 The Committee decides on the investment policies most suitable to meet the liabilities of the Fund and has ultimate responsibility for investment strategy.
- 7.2 The Committee has translated its investment objective into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility, risk and the nature of the Fund's liabilities.
- 7.3 The approach seeks to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members) and the liabilities arising therefrom, together with the level of disclosed surplus or deficit (relative to the funding bases used) and the Fund's projected cash flow requirements.
- 7.4 Following the triennial valuation in 2016 the Panel, as advised by Aon Hewitt, considered its investment strategy alongside its funding objective and agreed the following structure:

Asset Class	Target Weighting %	Expected Return (per annum)	Control Range
Equities (including Private Equity)	40	8-11%	30-50%
Bonds	24	4-5%	19-39%
Inflation protection	10		
Hedge Funds	10	9-11%	10-20%
Property (UK)	10	9%	5-15%
Infrastructure/PFI	6	9%	3-9%
Cash	-	-	-
Total	100		

- 7.5 The most significant rationale of the structure is to invest the majority of the Fund assets in "growth assets" i.e. those expected to generate 'excess' returns over the long term. The structure also includes an allocation to "matching" assets, such as index bonds, gilts and corporate bonds. The investments in property and infrastructure provide diversification whilst the hedge fund protects the Fund on the downside by targeting absolute returns. This strategy is aimed to provide in excess of the discount rate used to value liabilities in the triennial valuation.
- 7.6 The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:
- Suitability and diversification given the Fund's level of funding and liability profile

- The level of expected risk
- Outlook for asset returns

- 7.7 The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not deviate from within the target range. If such a deviation occurs, a rebalancing exercise is carried out to ensure that the allocation remains within the range set.
- 7.8 It is intended that the Fund's investment strategy will be reviewed at least every three years, following actuarial valuations of the Fund. The investment strategy review will typically involve the Panel, in conjunction with its advisers, undertaking an in-depth Asset Liability Modelling exercise to understand the risks within the Fund's current investment strategy and establish other potentially suitable investment strategies for the Fund in the future. This approach was adopted following the 2013 triennial valuation.
- 7.9 The results of the 2016 valuation showed a 87% funding level which has since improved to 96%. The intention is for an Asset Liability Modelling exercise to be undertaken and the strategy reviewed over the final quarter of 2017. Investment Strategy Statement will subsequently be updated to reflect the outcome of this strategy review and to include the expected return and volatility of the investment strategy.

8 Asset classes

- 8.1 The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest, index linked and corporate bonds, hedge funds, infrastructure and property either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.
- 8.2 In line with the Regulations, the Council's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the Council within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007”
- 8.3 With investment returns included, the Fund has a positive cash flow that enables investment in illiquid asset classes e.g. property. The majority of the Fund's assets are highly liquid i.e. can be readily converted into cash, and the Council is satisfied that the Fund has sufficient liquid assets to meet all expected and unexpected demands for cash. However, as a long term investor the Council considers it prudent to include illiquid assets in its strategic asset allocation in order to benefit from the additional diversification and extra return this should provide.
- 8.4 For most of its investments the Council has delegated to the fund managers responsibility for the selection, retention and realisation of assets. The Fund retains sufficient cash to meet its liquidity requirements, and cash balances are

invested in appropriate interest earning investments pending their use. The investment of these cash balances is managed internally.

9 Fund Managers

- 9.1 The Council has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme Regulations. Their activities are specified in either detailed investment management agreements or subscription agreements and regularly monitored. The Committee is satisfied that the appointed fund managers, all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business, have sufficient expertise and experience to carry out their roles.
- 9.2 The investment style is to appoint fund managers with clear performance benchmarks and place maximum accountability for performance against that benchmark with them. Multiple fund managers are appointed to give diversification of investment style and spread of risk. The fund managers appointed are mainly remunerated through fees based on the value of assets under management.
- 9.3 The managers are expected to hold a mix of investments which reflect their views relative to their respective benchmarks. Within each major market and asset class, the managers maintain diversified portfolios through direct investment or pooled vehicles.
- 9.4 The investment management agreement in place for each fund manager, sets out, where relevant, the benchmark and performance targets. The agreements also set out any statutory or other restrictions determined by the Council. Investment may be made in accordance with The Regulations in equities, fixed interest and other bonds and property, in the UK and overseas markets.
- 9.5 As at the date of this ISS the details of the managers appointed by the Committee are set out in Appendix 1
- 9.6 Where appropriate, custodians are appointed to provide trade settlement and processing and related services. Where investments are held through pooled funds, the funds appoint their own custodians.
- 9.7 Performance targets are generally set on a three-year rolling basis and the Committee monitors manager performance quarterly. Advice is received as required from officers, the professional investment adviser and the independent advisory member. In addition, the Committee requires all managers to attend a separate manager day meeting twice a year, and officers meet each of the managers in the "alternate quarters" (i.e. when there is no "manager day" meeting) to review and scrutinise performance.
- 9.8 The Committee also monitors the qualitative performance of the Fund managers to ensure that they remain suitable for the Fund. These qualitative

aspects include changes in ownership, changes in personnel, and investment administration.

10 Stock lending

10.1 The Committee's current policy is not to engage in stock lending.

11 Approach to risk

11.1 The Committee recognise a number of risks involved in the investment of the assets of the Fund.

11.2 Funding risks

i) As described by the investment objectives, the Fund invests in asset classes which are expected to demonstrate volatility when compared to the development of the Fund's liabilities. This policy is adopted in anticipation of achieving returns above those assumed in the actuarial valuation. The Committee considered a number of investment strategies with varying degrees of risk relative to the Fund's liabilities. In determining an appropriate level of risk (or expected volatility) the Committee considered:

- a) The strength of the Employer's covenant and attitude to risk.
- b) Contribution rate volatility.
- c) Likely fluctuations in funding level.
- d) The required return to restore the funding level over a set period in conjunction with the funding policy.
- e) The tolerance to a deterioration in the funding level as a result of taking risk.
- f) The term and nature of the Fund's liabilities.

ii) To monitor the volatility of the Fund's funding level and the success or otherwise of the investment decisions the Committee monitors on a regular basis:-

- a) The return on the assets, the benchmark and the liabilities.
- b) Estimated funding level and how it compares to the expected or targeted funding level.
- c) The probability of the Fund achieving its long-term funding objectives.

11.3 Manager risks

The Committee monitors the managers' performance on a quarterly basis, and compares the investment returns with the appropriate performance objectives to ensure continuing acceptable performance. The Committee also examines the risk being run by each of the investment managers. In particular, the performance reporting reviewed by the Committee considers the achieved variation in returns between each manager's portfolio and its benchmark and compares the level of active manager risk and excess return of each manager against a universe of similar mandates and the benchmark.

11.4 Liquidity risk

The Committee have adopted a strategy that makes due allowance of the need for liquidity of the Fund's assets.

11.5 **Concentration risk**

The Committee have adopted a strategy that ensures that the risk of an adverse influence on investment values from the poor performance of a small number of individual investments is reduced by diversification of the assets:

- by asset class (Global Equities, Diversified Growth Funds, Fixed Interest and Property)
- by region (UK, overseas)
- within asset classes, by the use of a range of products with different risk/return profiles

11.6 **Market risk**

The failure of investment markets to achieve the rate of investment return assumed by the Panel. This risk is considered by the Committee and its advisors when setting the Fund's investment strategy and on an ongoing basis.

11.7 **Operational risk**

The risk of fraud, poor advice or acts of negligence. The Committee has sought to minimise such risks by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

12 **Approach to pooling**

12.1 The Fund is a participating member in the London Collective Investment Vehicle (CIV) as part of the Government's pooling agenda. The London CIV has been operational for some time and is in the process of opening a range of sub-funds covering liquid asset classes, with less liquid asset classes to follow.

12.2 The Fund has already transitioned assets into the London CIV with a value of £52 million or 4.7% of the assets and will look to transition further liquid assets as and when there are suitable investment strategies available on the platform that meet the needs of the Fund. The Fund also holds passive funds held with Blackrock Life Funds which cannot be held in the CIV which the CIV has negotiated lower fees for CIV members this amounts to £236 million or 21.51% of the assets. Other assets will be transferred into the LCIV once appropriate funds are available.

12.3 Illiquid assets in infrastructure, private equity and property will remain outside of the London CIV pool. The cost of exiting these strategies early would have a negative financial impact on the Fund.

13 **Social, environmental and governance considerations**

13.1 The Fund is committed to be a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund

in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills.

- 13.2 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.
- 13.3 The Fund expects its external investment managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material Economic Social Governance (ESG) factors within its investment analysis and decision making.
- 13.4 The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.
- 13.5 The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.
- 13.6 The Fund, in preparing and reviewing its Investment Strategy Statement, will consult with interested stakeholders including, but not limited to, Fund employers, investment managers, Local Pension Board, advisers to the Fund and other parties that it deems appropriate to consult with.

14 Exercise of the rights (including voting rights) attaching to investments

- 14.1 The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies' activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.
- 14.2 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major

institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

- 14.3 The Fund's investments through the London CIV are covered by the voting policy of the CIV which has been agreed by the Pensions Sectoral Joint Committee. Voting is delegated to the external managers and monitored on a quarterly basis. The CIV will arrange for managers to vote in accordance with voting alerts issued by the Local Authority Pension Fund Forum as far as practically possible to do so and will hold managers to account where they have not voted in accordance with the LAPFF directions.

15 Stewardship

- 15.1 The Fund has not issued a separate Statement of Compliance with the Stewardship Code, but fully endorses the principles embedded in the Principles of the Stewardship Code.
- 15.2 The Fund expects its external investment managers to be signatories of the Stewardship Code and reach Tier One level of compliance or to be seeking to achieve a Tier One status within a reasonable timeframe. Where this is not feasible the Fund expects a detailed explanation as to why it will not be able to achieve this level. In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.
- 15.3 The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests. In addition, the Fund gives support to shareholder resolutions where these reflect concerns which are shared and represent the Fund's interest.

16 Compliance with "Myners" Principles

- 16.1 In Appendix 2 are set out the details of the extent to which the Fund complies with the six updated "Myners" principles set out in the CIPFA publication "Investment Decision-Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles".

Appendix 1

Fund Manager Structure (This prescribed in the ISS regulations)

The fund manager structure and investment objectives for each fund manager ("mandates") are as follows:

Fund manager	Investment objectives
Equities & Private Equity	
BlackRock Advisers UK Ltd (Passively Managed Global Equity, UK Equity and emerging Portfolios)	<i>To perform in line with the prescribed Equity and Bond indices.</i>
MFS (Actively Managed Global Equity Portfolio)	<i>To outperform the MSCI World Index by 4% pa gross of fees over rolling three-year periods.</i>
London CIV – Baillie Gifford (Actively Managed Global Equity Portfolio)	<i>To outperform the MSCI World Index by 2% pa gross of fees over rolling three-year periods.</i>
London Collective Investment Vehicle (LCIV)	<i>Manages global equity mandates - Henderson, Baillie Gifford and Longview</i>
Adam Street Partners (Private Equity Portfolio)	<i>To outperform the MSCI World Index.</i>
Bonds	
BlackRock Advisers UK Ltd (Passively Managed Bond & Index linked Portfolios)	<i>To perform in line with the prescribed Bond indices.</i>
Insight Bond Fund Absolute bond return	<i>3 month LIBOR +4% per annum over rolling three period.</i>
London Collective Investment Vehicle (LCIV) (Actively Managed multi asset credit MAC)	<i>3 month LIBOR +4% per annum over rolling three period.</i>
Western Asset Management (Actively Managed corporate Bond Portfolio)	<i>To outperform the benchmark (composed of a mixture of bond indices) by 0.75% pa gross of fees over rolling three-year periods.</i>
Inflation Protection	
M&G Inflation Opportunities Fund	<i>To outperform the Retail Price Index by 2.5% per annum on a rolling five year basis.</i>
CBRE – Inflation protection illiquids	<i>UK LPI +2.5%pa over a rolling 10 year period</i>
Property	
Brockton Opportunistic property	<i>15% net IRR and 1.5xnet multiple</i>

BlackRock Advisers UK Ltd (Actively UK Property Fund) Equity and emerging Portfolios)	<i>To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.</i>
Legal & General Investment Management Ltd (Active UK Property Fund)	<i>To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.</i>
Infrastructure	
Antin	<i>15% Gross IRR with a gross target of 5% p.a.</i>
International Public Partnerships Limited (Private Finance Initiative)	<i>To achieve a return of at least 4.5% per annum.</i>
Hedge Funds	
CFM-Stratus Multi asset strategy	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>
Davidson Kempner (Events driven)	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>
Lansdowne Partners (Long/Short UK Equities Hedge Fund)	<i>To generate an absolute return. The benchmark is the FTSE All Share index</i>
York Capital Management (Distressed Debt Fund)	<i>To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)</i>

Appendix 2

Compliance with “Myners” Principles”

Principle 1: Effective Decision Making

Compliant: The Borough of Enfield has an appointed Pension Fund Committee consisting of elected members and there is a clearly defined decision-making process. The Committee is supported by named offices on investment and administration issues. The Committee has appointed an independent advisory member with experience in investment advice. It also employs an investment consultant and actuary. The Local Pension Board made up of Fund employers and employees has an oversight and scrutiny body.

Training on investment issues is provided by the Investment Managers at the regular meetings of the Committee. Members of the Committee are also encouraged to attend training sessions offered from time to time by other external bodies.

Principle 2: Clear Objectives

Compliant: The overall objective for the Fund is to keep the employers' contribution rates as low and stable as possible while achieving full funding on an ongoing basis. The Committee had as its starting point the latest actuarial valuation when reviewing the investment arrangements to adopt the risk budget and set the investment strategy. The independent investment adviser gave comprehensive training and advice throughout this exercise. The Investment Managers have been advised of the strategy and have clearly defined investment performance targets. The objectives will be reconsidered following the next actuarial valuation and investment strategy review to ensure they remain appropriate.

Principle 3: Risk and Liabilities

Compliant: The Committee has given due consideration to risks and liabilities as explained in the ‘Risk’ section above. A strategic asset allocation benchmark has been set for the Fund. The Fund also subscribes to the Pensions & Investment research consultants (PIRC) Local Authority Universe as a broad comparison with other local authority schemes.

Principle 4: Performance Assessment

Compliant: The returns of the Investment Managers are measured independently against their performance objectives and they are required to report on investment performance each quarter.

Principle 5: Responsible Ownership

Compliant: The Panel’s policy on Sustainability is detailed in an earlier section of this document. The Investment Managers have been asked to adopt the Institutional Shareholders’ Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents, and to report to the Committee on related activity at the regular meetings.

Principle 6: Transparency and Reporting

Compliant: Documents relating to the management of the Pension Fund investments are published on the Council’s website – these include the Investment Strategy Statement, the Annual Report and Accounts, the Funding Strategy Statement and the

Governance Compliance Statement. The 'Pensions Charter' is published on the website and this details the information which is provided to scheme members.

GOVERNANCE AND COMPLIANCE STATEMENT

Introduction

The London Borough of Enfield is the Administering Authority of the London Borough of Enfield Pension Fund and administers the Local Government Pension Scheme on behalf of participating employers.

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Local Government Pension Scheme (LGPS) Administering Authorities to publish Governance Policy and Compliance Statements setting out information relating to how the Administering Authority delegates its functions under those regulations and whether it complies with guidance given by the Secretary of State for Communities and Local Government. It also requires the Authority to keep the statement under review and to make revisions as appropriate and where such revisions are made to publish a revised statement.

Aims and Objectives

Enfield Council recognises the significance of its role as Administering Authority to the London Borough of Enfield Pension Fund on behalf of its stakeholders which include:

- Over 23,100 current and former members of the Fund, and their dependants
- around 40 employers within the Enfield Council area or with close links to Enfield Council
- the local taxpayers within the London Borough of Enfield.

In relation to the governance of the Fund, our objectives are to ensure that:

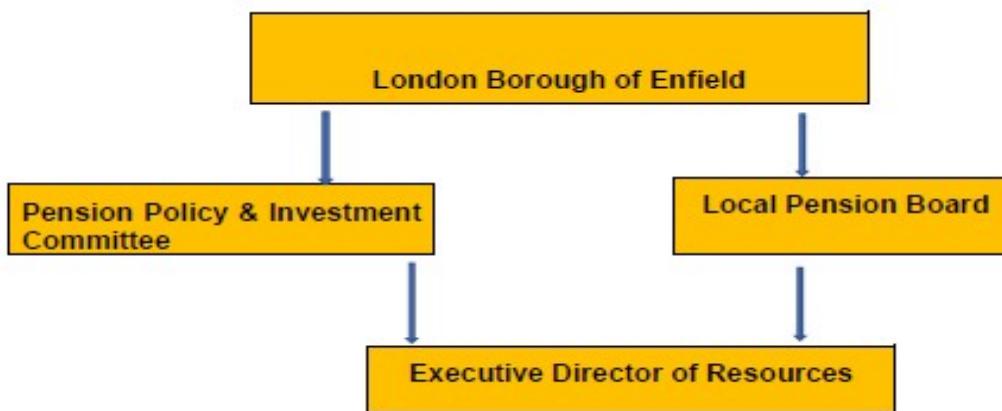
- all staff and Pension Policy & Investment Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
- all relevant legislation is understood and complied with
- the Fund aims to be at the forefront of best practice for LGPS funds
- the Fund manages Conflicts of Interest appropriately

Structure

The Constitution of the Council sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and that those who made the decisions are accountable to local people.

The Council delegates its responsibility for administering the Fund to the Pension Policy & Investment Committee. The terms of this delegation are as set out in the Council Constitution and provide that the Committee is responsible for consideration of all pension matters and discharging the obligations and duties of the Council under the Superannuation Act 1972 and various statutory matters relating to investment issues.

The Constitution sets out the framework under which the Pension Fund is to be administered as depicted in the diagram below.



Terms of Reference for the Pension Policy & Investment Committee

The Constitution allows for the appointment of a Pension Policy & Investment Committee which has responsibility for the discharge of all non-executive functions assigned to it.

The following are the terms of reference for the Pension Policy & Investment Committee:

- a) To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pensions' legislation.
- b) To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.
- c) To formulate and publish an Investment Strategy Statement.
- d) To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
- e) To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.
- f) To make arrangements for the triennial actuarial valuation, to monitor liabilities and to undertake any asset/liability and other relevant studies as required.
- g) To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
- h) To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.
- i) To receive and approve an Annual Report on the activities of the Fund prior to publication.
- j) To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.
- k) To keep the terms of reference under review.
- l) To determine all matters relating to admission body issues.
- m) To focus on strategic and investment related matters at two Pension Policy & Investment Committee meetings.

- n) To review the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan
- o) To maintain an overview of pensions training for Members.

Membership of the Pension Policy & Investment Committee

The Council decides the composition and makes appointments to the Pension Policy & Investment Committee. Currently the membership of the Committee is a minimum of 6 elected Members from Enfield Council on a politically proportionate basis and the Pension Policy & Investment Committee will elect a Chair and Vice Chair. All Enfield Council elected Members have voting rights on the Committee and three voting members of the Committee are required to be able to deem the meeting quorate.

Members of the Pension Policy & Investment Committee are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties; meetings are open to members of the public who are welcome to attend. However, there may be occasions when members of the public are excluded from meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Meetings

The Pension Policy & Investment Committee shall meet at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work.

Work for the year will be agreed with the Committee to include dedicated training sessions for Committee members.

Agendas for meetings will be agreed with the Chair and will be circulated with supporting papers to all members of the Committee, Officers of the Council as appropriate and the Fund's Investment Advisor.

The Council will give at least five clear working days' notice of any meeting by posting details of the meeting at the Enfield Civic Centre and on the Council's website. The Council will make copies of the agenda and reports open to the public available for inspection at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The reason for lateness will be specified in the report.

There may on occasions be items which may be exempt from the agenda, reports and minutes of the meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed. Items which are most likely to be excluded are issues where disclosure of information would contravene an individual's privacy or where there are financial interests which may be compromised as a result of disclosure for example discussions surrounding contracts.

The Council will make available copies of the minutes of the meeting and records of decisions taken for six years after a meeting. Minutes of meetings and records of decisions are available for inspection on the Council's website:

<http://governance.enfield.gov.uk/ieListMeetings.aspx?CommitteeId=664>

Other Delegations of Powers

The Pension Policy & Investment Committee act as quasi trustees and oversee the management of the Pension Fund. As quasi trustees the Committee has a clear fiduciary duty in the performance of their functions, they must ensure that the Fund is managed in accordance with the regulations and to do so prudently and impartially and to ensure the best possible outcomes for the Pension Fund, its participating employers, local taxpayers and Scheme members. Whilst trustees can delegate some of their powers, they cannot delegate their responsibilities as trustees. Appendix A outlines the areas that the Pension Policy & Investment Committee has currently delegated though these may be added to from time to time.

Under the Council's Constitution delegated powers have been given to the Executive Director of Resources in relation to all other pension fund matters, in addition to his role as Chief Financial Officer (often called S151 Officer). As Chief Financial Officer he is responsible for the preparation of the Pension Fund Annual Report & Accounts and ensuring the proper financial administration of the Fund. As appropriate the Executive Director of Resources will delegate aspects of the role to other officers of the Council including the Pensions & Treasury Manager and to professional advisors within the scope of the LGPS Regulations.

Pension Board

With effect from 1 April 2015, each Administering Authority is required to establish a local Pension Board to assist them with:

- securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator
- ensuring the effective and efficient governance and administration of the Pension Fund

Such Pension Boards are not local authority committees; as such the Constitution of Enfield Council does not apply to the Pension Board unless it is expressly referred to in the Board's terms of reference. The Enfield Pension Board established by Enfield Council and the full terms of reference of the Board can be found within the Council's Constitution. The key points are summarised below.

Role of the Pension Board

The Public Service Pensions Act 2013 established the requirement for local Pension Boards in the LGPS with responsibility for assisting the Administering Authority in relation to the following:

- Securing compliance with the scheme regulations
- Ensuring the effective and efficient governance and administration of the scheme
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and

- Such other matters as the LGPS regulations may specify.

The Council has charged the Pension Board with providing oversight of the matters outlined above. The Pension Board, however, is not a decision making body in relation to the management of the Pension Fund and the Pension Fund's management powers and responsibilities which have been delegated by the Council to the Pension Policy & Investment Committee or otherwise remain solely the powers and responsibilities of them, including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and fund managers.

Membership of the Pension Board

The Pension Board consists of 8 members as follows:

- Four Employer Representatives
- Four Scheme Member Representatives

Pension Board members, (excluding any Independent Member), have individual voting rights but it is expected the Pension Board will as far as possible reach a consensus.

A meeting of the Pension Board is only quorate when four of the eight Employer and Scheme Member Representatives are present, and where the Board has an Independent Member, they must also be present.

The members of the Board are appointed by an Appointments Panel which consists of:

- the Cabinet Member for Resources
- the Executive Director of Resources
- the Director of Finance
- the Executive Director of Legal & Governance

Members of the Pension Board are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

Meetings

The Pension Board meets at least twice a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. The Pension Board will be treated in the same way as a Committee of Enfield Council and, as such, members of the public may attend, and papers will be made public in the same way as described above for the Pension Policy & Investment Committee.

Policy Documents

In addition to the foregoing, there are a number of other documents which are relevant to the Governance and management of the Pension Fund. Brief details of these are listed below and the full copies of all documents can be found on the Pension Fund Website:

<http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

Funding Strategy Statement

The Funding Strategy Statement forms part of the framework for the funding and management of the Pension Fund. It sets out how the Fund will approach its liabilities and contains a schedule of the minimum contribution rates that are required of individual employers within the Fund. The Funding Strategy Statement (FSS) is drawn up by the Administering Authority in collaboration with the Fund's actuary and after consultation with the Fund's employers. The FSS forms part of a broader framework which covers the Pension Fund and applies to all employers participating in the Fund. The FSS represents a summary of the Fund's approach to funding the liabilities of the Pension Fund.

Investment Strategy Statement

The Investment Strategy Statement (ISS) replaced the Statement of Investment Principles from 1st April 2016. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

This ISS is designed to be a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, provides transparency in relation to how the Fund investments are managed, acts as a risk register, and has been designed to be informative but reader focused.

This document will be reviewed following the completion of the Fund investment strategy review and updated revised version will be tabled at the November Pension Policy & Investment Committee meeting for approval.

Governance Policy Compliance Statement

This sets out the Pension Fund's compliance with the Secretary of State's Statutory Guidance on Governance in the LGPS. This is attached as Appendix B and shows where the Fund is compliant or not compliant with best practice and the reasons why it may not be compliant.

Training Policy

Enfield Council has a Training Policy which has been put in place to assist the Fund in achieving its governance objectives and all Pension Policy & Investment Committee members, Pension Board members and senior officers are expected to continually demonstrate their own personal commitment to training and to ensuring that the governance objectives are met.

To assist in achieving these objectives, the London Borough of Enfield Pension Fund aims to comply with:

- the knowledge and skills elements of the Public Service Pensions Act 2013;
- the CIPFA Knowledge and Skills Frameworks and
- the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes.

As well as any other LGPS specific guidance relating to the knowledge and skills of Pension Policy & Investment Committee members, Pension Board members or pension fund officers which may be issued from time to time.

Members of the Pension Policy & Investment Committee, Pension Board and officers involved in the management of the Fund will receive training to ensure that they meet the aims of the Training Policy with training schedules drawn up and reviewed on at least an annual basis.

Annual Report and Accounts

As part of the financial standing orders it is the duty of the Chief Financial Officer to ensure that record keeping, and accounts are maintained by the Pension Fund. The Pension Fund accounts are produced in accordance with the accounting recommendations of the Financial Reports of Pension Schemes - Statement of Recommended Practice. The financial statements summarise the transactions of the Scheme and deal with the net assets of the Scheme. The statement of accounts is reviewed by both the Pension Policy & Investment Committee and the Audit Committee and incorporated in the Statement of Accounts for the Council. Full copies of the Report and Accounts are distributed to employers in the Fund and other interested parties and a copy placed on the websites: <http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

Communication Policy

This document sets out the communications policy of the administering authority and sets out the strategy for ensuring that all interested parties are kept informed of developments in the Pension Fund. This helps to ensure transparency and an effective communication process for all interested parties. A copy of the policy can be found on the Pensions website:

<http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

Discretions Policies

Under the Local Government Pension Scheme regulations, the Administering Authority has a level of discretion in relation to a number of areas. The Administering Authority reviews these policies as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power. Copies of both the Administering Authority and the London Borough of Enfield' Employing Authority Discretions can be found on the website: <http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

Pension Administration Strategy and Employer Guide

In order to assist with the management and efficient running of the Pension Fund, the Pension Administration Strategy and Employer Guide encompassing administrative procedures and responsibilities for the Pension Fund for both the Administering Authority and Employing Authorities has been distributed to employers within the Fund following consultation and can be found on the website: <http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

Approval, Review and Consultation

This Governance Policy and Statement was approved by the London Borough of Enfield Pension Policy & Investment Committee following consultation with all the participating employers in the Fund and other interested parties. It will be formally reviewed and updated at least every year or sooner if the governance arrangements or other matters included within it merit reconsideration. In August 2019, this document was reviewed and approved by Pension Policy & Investment Committee at its meeting of 5th September 2019.

Contact Information Further information on the London Borough of Enfield Pension Fund can be found as shown below:

Email: pensions@enfield.gov.uk

Website: <http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664>

Or contact:

Bola Tobun – Finance Manager (Pensions & Treasury)

London Borough of Enfield

E-mail - Bola.Tobun@enfield.gov.uk

Telephone – 020 8132 1588

Appendix A – Delegation of Functions to Officers by Enfield Pension Policy & Investment Committee
Key:

*PPIC – Pension Policy & Investment Committee
 EDR – Executive Director of Resources & Officers
 Officers & Advisers Panel
 IC – Investment Consultant
 IA – Independent Adviser*

*PTM – Pensions & Treasury Manager
 DF - Director of Finance
 OAP-*

FA – Fund Actuary

Function delegated to PPIC	Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
Rebalancing and cash management	Implementation of strategic allocation including use of ranges	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Investment strategy – approving the Fund's investment strategy, Investment Strategy Statement and Myiners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite	To formally review the Scheme's asset allocation at least every three year's taking account of any changes in the profile of Scheme liabilities and will assess any guidance regarding tolerance of risk. It will recommend changes in asset allocation to the Pension Policy & Investment Committee	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Monitoring the implementation of these policies and strategies on an ongoing basis.	New mandates / emerging opportunities To consider the Scheme's approach to social, ethical and environmental issues of investment, corporate governance and shareholder activism and recommend revisions to the Pension Policy & Investment Committee.	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, and independent professional advisers.	Ongoing monitoring of Fund Managers and Pool Operator Selection, appointment, addition, replacement and dismissal of Fund Managers	EDR, DF and PTM (having regard to ongoing advice of the IA & IC) and subject to ratification by PPIC	High level monitoring at PPIC with more detailed monitoring by PTM & OAP Notified PPIC via ratification process.

	<p>To evaluate the credentials of potential managers and make recommendations to the Pension Policy & Investment Committee</p> <p>To review the Scheme's AVC arrangements annually. If it considers a change is appropriate, it will make recommendations to the Pension Policy & Investment Committee.</p>		
Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.	Agreeing the Administering Authority responses where the consultation timescale does not provide sufficient time for a draft response to be approved by PPIC.	EDR, DF and PTM, subject to agreement with Chairman and Vice Chairman (or either, if only one available in timescale)	PPIC advised of consultation via email (if not already raised previously at PPIC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PPIC for noting.
Agreeing the Fund's Knowledge and Skills Policy for all Pension Policy & Investment Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.	Implementation of the requirements of the CIPFA Code of Practice	EDR & DF	Regular reports provided to PPIC and included in Annual Report and Accounts.
The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Policy & Investment Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Policy & Investment Committee.	<p>Other urgent matters as they arise</p> <p>Other non-urgent matters as they arise</p>	<p>EDR, DF and PTM subject to agreement with Chairman and Vice Chairman (or either, if only one is available in the timescale)</p> <p>Decided on a case by case basis</p>	<p>PPIC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PPIC.</p> <p>As agreed at PPIC and subject to monitoring agreed at that time.</p>

Appendix B

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
STRUCTURE	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council	Compliant	The Council's Constitution states that the Pension Policy & Investment Committee is responsible for the management of the Pension Fund
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant	Trade union representatives and representatives of admitted bodies sit on the Pension Board.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Compliant	A report of the Pension Board and subcommittees meetings are presented at the following Pension Policy & Investment Committee. All key recommendations of the Pension Board are considered, noted and ratified by the Pension Policy & Investment Committee as deemed appropriate.
	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Compliant	All members of the sub committees are also members of the Pension Policy & Investment Committee.
REPRESENTATION	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - <ul style="list-style-type: none"> ■ employing authorities (including nonscheme employers, e.g. admitted bodies), ■ scheme members (including deferred and pensioner scheme members), ■ independent professional observers, ■ expert advisors (on an ad-hoc basis). 	Compliant	Trade unions and admitted bodies are represented on the Local Pension Board
	That where lay members sit on a main or	Compliant	Papers for Local Pension Board and the Pension Policy & Investment

	secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.		Committee are made available to all members of each body at the same time and are published well in advance of the meetings in line with the council's committee agenda publication framework.
SELECTION & ROLE OF LAY MEMBERS	That committee or board members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Compliant	Members of the Local Pension Board and Pension Policy & Investment Committee have access to the terms of reference of each body and are aware of their roles and responsibilities as members of these bodies.
VOTING	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant	Members of the Pension Policy & Investment Committee does not currently confer voting rights on non-Councillors in line with common practice across the local government sector.
TRAINING/FACILITY TIME/EXPENSES	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliant	Regular training is arranged for members of the Local Pension Board and the Pension Policy & Investment Committee. In addition members are encouraged to attend external training courses. The cost of any such courses attended will be met by the Fund.
	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant	The rule on training provision is applied equally across all members of the Local Pension Board and the Pension Policy & Investment Committee.
MEETINGS (FREQUENCY/ QUORUM)	That an administering authority's main committee or committees meet at least quarterly.	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are arranged to take place quarterly.
	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are arranged to take place quarterly.
	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of	Compliant	Union representatives are on the Local Pension Board. Other stakeholders of the Fund are able to make representations at the Annual

	those arrangements by which the interests of key stakeholders can be represented.		General Meeting of the Pension Fund.
ACCESS	Subject to any rules in the Council's Constitution, all members of the main and secondary committees or panels have equal access to committee papers, documents and advice that fails to be considered at meetings of the main committee.	Compliant	Board/Committee meeting papers are circulated at the same time to all members of the Local Pension Board / Pension Policy & Investment Committee.
SCOPE	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	Local Pension Board and Pension Policy & Investment Committee considers a range of issues at their meetings and therefore has taken steps to bring wider scheme issues within the scope of the governance arrangements.
PUBLICITY	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Compliant	This Governance Compliance Statement is a public document that is attached as an appendix to the annual pension fund report.

Communication Policy Statement

This statement is prepared in accordance with the Local Government Pension Scheme (Amendment) (No.2) Regulations 2005, which require an administering authority to prepare, maintain and publish a statement on its communication strategy.

The London Borough of Enfield Local Government Pension Scheme currently has 39 admitted/scheduled employers and approximately 22,000 scheme members. This statement sets out the communication methods with each group.

Employers

Communication with the employers in the Fund takes several forms:

i) **Regular Update Letters**

All employers receive regular updates as and when issues arise e.g. changes to scheme regulations.

ii) **Annual Report and Accounts**

A copy of the document is sent to all employers.

iii) **Investment reports and minutes**

These are available on request to any employers who wish to see them.

iv) **Advice and help**

Enfield staff are available to give advice on the telephone or by e-mail.

Scheme Members

The methods of communicating with scheme members are:

i) **Telephone helpline**

A telephone helpline for all enquiries from scheme members on any aspect of their pension arrangements.

ii) **Annual Benefit Statements**

All active and deferred scheme members receive an annual benefit statement setting out what level of benefits have already been built up, along with a forecast of benefits at retirement.

iii) **Internet**

The scheme's website provides information about any updates to the Pension Fund.

iv) **Information letters**

Information about changes in regulations is provided to employees via their employers by e-mail or letter.

v) **Payslips**

All pensioners receive at least 1 payslip every year and messages are included whenever there is new information to be communicated.

Prospective Scheme Members

The methods of ensuring that prospective members are aware of the Scheme and its benefits are:

i) **Job Advertisements**

Employers advertise the benefits of the Fund in their job advertisements.

ii) **Scheme Booklet**

All new starters in the employing organisations in the Fund are provided with a scheme booklet, which sets out the benefits available from the Fund and employees are given three months to opt out of the Fund.

TRAINING AND DEVELOPMENT POLICY

Introduction

This is the Training & Development Policy of the London Borough of Enfield Pension Fund in relation to the Local Government Pension Scheme (LGPS), which is managed and administered by Enfield Council. The Policy details the training strategy for members of the Pension Policy & Investment Committee and Pension Board, and senior officers responsible for the management of the Fund.

This Training & Development Policy is established to assist Pension Policy & Investment Committee and Pensions Board members and senior officers in developing their knowledge and capabilities in their individual roles, with the ultimate aim of ensuring that the London Borough of Enfield Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Enfield Council has delegated responsibility for the implementation of this Training & Development Policy to the Executive Director of Resources.

Aims and Objectives

Enfield Council recognises the significance of its role as Administering Authority to the London Borough of Enfield Pension Fund on behalf of its stakeholders which include:

- over 23,000 current and former members of the Fund, and their dependants
- about 40 employers within the Enfield Council area or with close links to Enfield Council the local taxpayers within the London Borough of Enfield.

In relation to the governance of the Fund, the objectives are to ensure that:

- all staff and Pension Policy & Investment Committee Members charged with the financial administration and decision-making with regard to the
- Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
- all relevant legislation is understood and complied with
- the Fund aims to be at the forefront of best practice for LGPS funds
- the Fund manages Conflicts of Interest appropriately

This Policy has been put in place to assist the Fund in achieving these objectives and all Pension Policy & Investment Committee Members, Pension Board members and senior officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives, the London Borough of Enfield Pension Fund will aim to comply with:

- the CIPFA Knowledge and Skills Frameworks and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes

As well as any other LGPS specific guidance relating to the knowledge and skills of Pension Policy & Investment Committee members, Pension Board members or pension fund officers which may be issued from time to time.

This Training & Development Policy applies to all Members of the Pension Policy & Investment Committee, Pensions Board, including scheme member and employer representatives. It also applies to all managers in the Enfield Council Pension Fund Management Team and the Chief Finance Officer (Section 151 Officer) (from here on in collectively referred to as the senior officers of the Fund).

Other officers involved in the daily management of the Pension Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Pension Fund Manager and Pension & Treasury Manager and his/her team.

The advisers to the Fund that provides the day to day and strategic advice to the London Borough of Enfield Pension Fund are also expected to be able to meet the objectives of this Policy, as are all other officers of employers participating in the London Borough of Enfield Pension Fund who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters, and Enfield Council will provide appropriate training for them.

This is considered separately in the London Borough of Enfield Pension Fund Administration Strategy.

[CIPFA and TPR Knowledge and Skills Requirements - \(CIPFA Knowledge and Skills Framework and Code of Practice\)](#)

In January 2010 CIPFA launched technical guidance for Representatives on Pension Policy & Investment Committees and non-executives in the public sector within a knowledge and skills framework. The Framework details the knowledge and skills required by those responsible for pension scheme financial management and decision making.

In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills frameworks in place. This Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The Framework covers eight areas of knowledge and skills identified as the core requirements (which include all those covered in the existing Committee and nonexecutives' framework):

- i) Pensions legislation
- ii) Public sector pensions governance
- iii) Pension accounting and auditing standards
- iv) Pensions administration
- v) Financial services procurement and relationship management
- vi) Investment performance and risk management
- vii) Financial markets and products knowledge
- viii) Actuarial methods, standards and practice

CIPFA's Code of Practice recommends (amongst other things) that Local Government Pension Scheme administering authorities -

- formally adopt the CIPFA Knowledge and Skills Frameworks (or an alternative training programme)
- ensure that the appropriate policies and procedures are put in place to meet the requirements of the Frameworks (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

The Pensions Act 2004 and the Pension Regulator's Code of Practice

Section 248a of the Pensions Act 2004, as amended by The Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

These requirements are incorporated and expanded on within the TPR Code of Practice which came into force on 1 April 2015. It is expected that guidance will also be issued by the Local Government Pension Scheme Advisory Board which will explain further how these requirements will relate to LGPS administering authorities.

Application to the London Borough of Enfield Pension Fund

Enfield Council recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills. Accordingly, it fully supports the use of the CIPFA Knowledge and Skills Frameworks, and TPR's Code of Practice. Enfield Council adopts the principles contained in these publications in relation to the London Borough of Enfield Pension Fund, and this Training and Development Policy highlights how the Council will strive to achieve those principles through use of a Training Plan together with regular monitoring and reporting.

The London Borough of Enfield Pension Fund Training and Development Plan

Enfield Council recognises that attaining, and then maintaining, relevant knowledge and skills is a continual process for Pension Policy & Investment Committee members, Pension Board members and senior officers, and that training is a key element of this process. Enfield Council will develop a rolling Training Plan based on the following key elements:

1) **Individual Training Needs:** A training needs analysis will be developed for the main roles of Pension Policy & Investment Committee members, Pension Board members and senior officers customised appropriately to the key areas in which they should be proficient. Training will be required in relation to each of these areas as part of any induction and on an ongoing refresher basis.

2) **Hot Topic Training:** The Training Plan will be developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or a

specific area where decisions need to be made. This training may be targeted at specific roles.

3) **General Awareness:** Pension Policy & Investment Committee members, Pension Board members and senior officers are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the London Borough of Enfield Pension Fund.

Each of these training requirements will be focussed on the role of the individual i.e. a Pension Policy & Investment Committee member, a Pension Board member or the specific role of the officer.

The Pension Policy & Investment Committee agrees a training plan on an annual basis at the first meeting of the Municipal Year. The training plan is developed taking into consideration the needs of the Committee, the Board and officers to both enhance existing knowledge and skills and to develop new areas of understanding. This ensures that training is accessible to all Committee and Board members and key officers involved in the management of the Pension Fund.

Training will be delivered through a variety of methods including:

- In-house training days provided by officers and/or external providers
- Training as part of meetings (e.g. Pension Policy & Investment Committee) provided by officers and/or external advisers
- External training events
- Circulation of reading material
- Attendance at seminars and conferences offered by industry-wide bodies
- Attendance at meetings and events with the London Borough of Enfield Pension Fund's investment managers and advisors
- Links to on-line training
- Access to the London Borough of Enfield Pension Fund website where useful London Borough of Enfield Pension Fund specific material is available.

In addition London Borough of Enfield Pension Fund officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

Initial Information and Induction Process

On joining the Pension Policy & Investment Committee, the Pension Board or the London Borough of Enfield Pension Fund Management Team, a new member or officer will be provided with the following documentation to assist in providing them with a basic understanding of London Borough of Enfield Pension Fund:

- i) The members' guide to the Local Government Pension Scheme (LGPS)
- ii) The latest Actuarial Valuation report
- iii) The Annual Report and Accounts, which incorporate:
 - a) The Funding Strategy Statement
 - b) The Governance Policy and Compliance Statement

- c) The Statement of Investment Principles including the London Borough of Enfield Pension Fund's statement of compliance with the LGPS Myners Principles
- d) The Communications Policy
- e) The Administration Strategy
- iv) The administering authority's Discretionary Policies
- v) The Training Policy

In addition, an individual training plan will be developed to assist each Pension Policy & Investment Committee member, Pension Board member or officer to achieve, within six months, their identified individual training requirements.

Monitoring Knowledge and Skills

To identify if Pension Policy & Investment Committee members, Pension Board members and senior officers are meeting the objectives of this policy we will:

- 1) Compare and report on attendance at training based on the following:
 - i) Individual Training Needs – ensuring refresher training on the key elements takes place for each individual at least once every three years.
 - ii) Hot Topic Training – attendance by at least 80% of the required Pension Policy & Investment Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focussed at a particular group of Pension Policy & Investment Committee members, Pension Board members or senior officers depending on the subject matter.
 - iii) General Awareness – each Pension Policy & Investment Committee member, Pension Board member or officer attending at least one day each year of general awareness training or events.
 - iv) Induction training – ensuring areas of identified individual training are completed within six months.
- 2) Consider whether the objectives have been met as part of the annual self-assessment carried out each year which is completed by all Pension Policy & Investment Committee members, Pension Board members and senior officers.

The key risks to the delivery of this Policy are outlined below:

- i) Changes in Pension Policy & Investment Committee and/or Pension Board membership and/or senior officers' potentially diminishing knowledge and understanding.
- ii) Poor attendance and/or a lack of engagement at training and/or formal meetings by Pension Policy & Investment Committee Members, Pension Board Members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- iii) Insufficient resources being available to deliver or arrange the required training.
- iv) The quality of advice or training provided not being to an acceptable standard.

The Pension Policy & Investment Committee members, with the assistance of London Borough of Enfield senior officers and Pension Board members will monitor these and other key risks and consider how to respond to them.

Reporting

A report will be presented to the Pension Policy & Investment Committee on an annual basis setting out:

- i) The training provided / attended in the previous year at an individual level
- ii) Attendance at Pension Policy & Investment Committee and Pension Board meetings
- iii) The results of the measurements identified above.

This information will also be included in the London Borough of Enfield Pension Fund's Annual Report and Accounts.

At each Pension Policy & Investment Committee and Pensions Board meeting, members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as a summary of the events attended since the previous meeting.

Costs

All training costs related to this Training and Development Policy are met directly by the London Borough of Enfield Pension Fund.

Approval, Review and Consultation

This Training and Development Policy to be approved and at the London Borough of Enfield Pension Policy & Investment Committee meeting of 21 November 2019. This Training and Development Policy to be adopted by the London Borough of Enfield Pension Board at their next meeting. It will be formally reviewed and updated at least every year or sooner if the training arrangements or other matters included within it worth re-evaluation.

Further Information

If you require further information about anything in or related to this Training and Development Policy, please contact:

Bola Tobun
 Pension & Treasury Manager
 London Borough of Enfield
 Civic Centre
 Silver Street
 London
 EN1 3XF
 E-mail Bola.Tobun@enfield.gov.uk
 Telephone 020 8132 1588

Appendix 1

CIPFA Knowledge and Skills Framework for Members of Pension Committees

Core Areas:

1. Pensions Legislative and Governance Context

General Pensions Framework

A general awareness of the pension's legislative framework in the UK.

Scheme-specific legislation

- An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.
- An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.
- A regularly updated appreciation of the latest changes to the scheme rules.
- Knowledge of the role of the administering authority in relation to LGPS.

Pensions regulators and advisors

An understanding of how the roles and powers of the Pension Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

General constitutional framework

- Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.
- Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

Pensions scheme governance

- An awareness of the LGPS main features.
- Knowledge of the Myners principles and associated CIPFA and Society of Local Authority Chief Executives (SOLACE) guidance.
- A detailed knowledge of the duties and responsibilities of committee members.
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation, communication and involvement options relevant to the stakeholders.

Pensions Accounting and Standards

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
1 – Pensions legislation			
A general understanding of the pensions legislative framework in the UK.	1 2 3 4 5		
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	1 2 3 4 5		
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	1 2 3 4 5		
A regularly updated appreciation of the latest changes to the scheme rules.	1 2 3 4 5		
2 – Pensions governance			
Knowledge of the role of the administering authority in relation to the L GPS.	1 2 3 4 5		
An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	1 2 3 4 5		
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	1 2 3 4 5		
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	1 2 3 4 5		
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	1 2 3 4 5		

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
Knowledge of the Myiners principles and associated CIPFA and SOLACE guidance.	1 – no knowledge 5 – highly skilled		
A detailed knowledge of the duties and responsibilities of pension board members.	1 2 3 4 5		
Knowledge of the stakeholders of the pension fund and the nature of their interests.	1 2 3 4 5		
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	1 2 3 4 5		
Knowledge of how pension fund management risk is monitored and managed.	1 2 3 4 5		
An understanding of how conflicts of interest are identified and managed.	1 2 3 4 5		
An understanding of how breaches in law are reported.	1 2 3 4 5		
3 – Pensions administration			
An understanding of best practice in pensions administration eg performance and cost measures.	1 2 3 4 5		
Understanding of the required and adopted scheme policies and procedures relating to:	1 2 3 4 5		
<ul style="list-style-type: none"> • member data maintenance and record-keeping processes • internal dispute resolution • contributions collection • scheme communication and materials. 			

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge		
	5 – highly skilled		
Knowledge of how discretionary powers operate.	1 2 3 4 5		
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).	1 2 3 4 5		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	1 2 3 4 5		
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	1 2 3 4 5		
4 – Pensions accounting and auditing standards			
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	1 2 3 4 5		
An understanding of the role of both internal and external audit in the governance and assurance process.	1 2 3 4 5		
An understanding of the role played by third party assurance providers.	1 2 3 4 5		
5 – Pensions services procurement and relationship management			
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	1 2 3 4 5		

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
A general understanding of the main public procurement requirements of UK and EU legislation.	1 2 3 4 5		
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	1 2 3 4 5		
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	1 2 3 4 5		
6 – Investment performance and risk management			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	1 2 3 4 5		
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.	1 2 3 4 5		
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	1 2 3 4 5		

Procedure for Recording and Reporting Breaches of the Law

1. Introduction

- 1.1 This document sets out the procedures to be followed by certain persons involved with the Enfield Pension Fund, the Local Government Pension Scheme managed and administered by Enfield Council, in relation to reporting breaches of the law to the Pensions Regulator.
- 1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.
- 1.3 This Procedure document applies, in the main, to:
 - all members of the Enfield Pension Policy & Investment Committee and Board;
 - all officers involved in the management of the Pension Fund;
 - personnel of the shared service pensions administrator providing day to day administration services to the Fund, and any professional advisers including auditors, actuaries, legal advisers and fund managers; and
 - officers of employers participating in the Enfield Pension Fund who are responsible for pension matters.

2. Requirements

- 2.1 This section clarifies the full extent of the legal requirements and to whom they apply.
- 2.2 **Pensions Act 2004**
 Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:
 - a trustee or manager of an occupational or personal pension scheme;
 - a member of the pension board of a public service pension scheme;
 - a person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
 - the employer in relation to an occupational pension scheme;
 - a professional adviser in relation to such a scheme; and
 - a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme, to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:
 - (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
 - (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2.3 ***The Pension Regulator's Code of Practice***

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures.
- judging whether a breach must be reported.
- submitting a report to The Pensions Regulator.
- whistleblowing protection and confidentiality.

2.4 ***Application to the Enfield Pension Fund***

This procedure has been developed to reflect the guidance contained in The Pension Regulator's Code of Practice in relation to the Enfield Pension Fund and this document sets out how the Board will strive to achieve best practice through use of a formal reporting breaches procedure.

3 ***The Enfield Pension Fund Reporting Breaches Procedure***

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Enfield Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

3.1 ***Clarification of the law***

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:
www.legislation.gov.uk/ukpga/2004/35/contents
- Employment Rights Act 1996:
www.legislation.gov.uk/ukpga/1996/18/contents
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):
www.legislation.gov.uk/uksi/2013/2734/contents/made
- Public Service Pension Schemes Act 2013:
www.legislation.gov.uk/ukpga/2013/25/contents
- Local Government Pension Scheme Regulations (various):
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)
<http://www.lgpsregs.org/index.php/reg-legislation> (2014 scheme)

- The Pensions Regulator's Code of Practice:
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-publicservice-pension-schemes.aspx>
 In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Council Monitoring Officer and the Executive Director of Resources, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

3.2 ***Clarification when a breach is suspected***

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, it will usually be appropriate to check with the Council Monitoring Officer and the Executive Director of Resources, a member of the Pension Policy & Investment Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

3.3 ***Determining whether the breach is likely to be of material significance***

To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

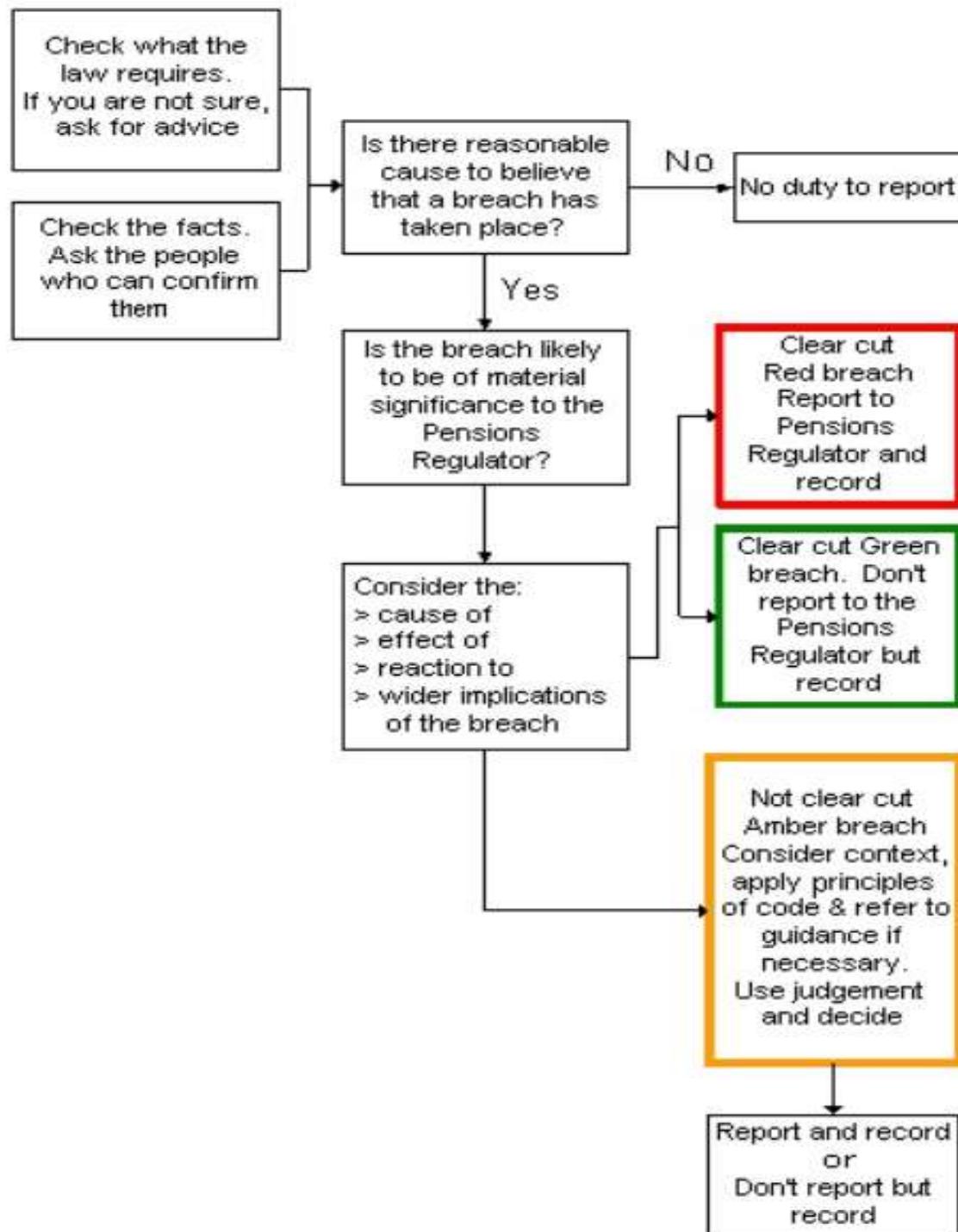
- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

Further details on the above four considerations are provided in Appendix A to this procedure.

The individual should use the traffic light framework described in Appendix B to help assess the material significance of each breach and to formally support and document their decision.

3.4 A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.

Decision-tree: deciding whether to report



3.5 *Referral to a level of seniority for a decision to be made on whether to report*

Enfield Council has a designated Monitoring Officer to ensure the Council acts and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where

appropriate. If breaches relate to late or incorrect payment of contributions or pension benefits, the matter should be highlighted to the Council Director of Finance and the Executive Director of Resources, at the earliest opportunity to ensure the matter is resolved as a matter of urgency. Individuals must bear in mind, however, that the involvement of the Monitoring Officer is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The matter should not be referred to any of these officers if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

3.6 ***Dealing with complex cases***

The Council Director of Finance and the Executive Director of Resources may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LG Group - <http://www.lgpsregs.org/>). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Board meeting.

3.7. ***Timescales for reporting***

The Pensions Act and Pension Regulators Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

3.8 ***Early identification of very serious breaches***

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

3.9 ***Recording all breaches even if they are not reported***

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). Enfield Council will

maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Council Monitoring Officer and the Executive Director of Resources. Records of unreported breaches should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in the quarterly Monitoring Report at each Pension Committee, and this will also be shared with the Pension Board.

3.10 ***Reporting a breach***

Reports must be submitted in writing via The Pensions Regulator's online system at www.tpr.gov.uk/exchange, or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (Enfield Pension Fund);
- description of breach(es);
- any relevant dates;
- name, position and contact details;
- role in connection to the scheme; and
- employer name or name of scheme manager (the latter is Enfield Council).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this procedures document);
- scheme manager contact details (provided at the end of this procedures document);
- pension scheme registry number (PSR – 10041083); and
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

3.11 ***Confidentiality***

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

3.12 *Reporting to Pension Policy & Investment Committee and Pensions Board*

A report will be presented to the Pension Policy & Investment Committee and the Pensions Board on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- in relation to each breach, details of what action was taken and the result of any action (where not confidential);
- any future actions for the prevention of the breach in question being repeated; and
- highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). An example of the information to be included in the quarterly reports is provided in Appendix C to this procedure.

3.13 *Review*

This Reporting Breaches Procedure will be kept under review and updated as considered appropriate by the Executive Director of Resources. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Further Information

If you require further information about reporting breaches or this procedure, please contact:

Bola Tobun - Pensions & Treasury Manager

Email: Bola.Tobun@enfield.gov.uk

Telephone: 020 8379 6879

Enfield Pension Fund
London Borough of Enfield, London EN1 3XF

Designated officer contact details:

1) Director of Finance – Matt Bowmer (Interim)

Email: Matt.Bowmer@enfield.gov.uk

2) Executive Director of Resources – Fay Hammond (Acting)

Email: Fay.Hammond@enfield.gov.uk

3) Monitoring Officer/Director of Law & Governance – Jeremy Chambers

Email: Jeremy.Chambers@enfield.gov.uk

Appendix A

Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

The cause of the breach

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law;
- dishonesty;
- incomplete or inaccurate advice;
- poor administration, i.e. failure to implement adequate administration procedures;
- poor governance; or
- slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

The effect of the breach

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.

- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

The reaction to the breach

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

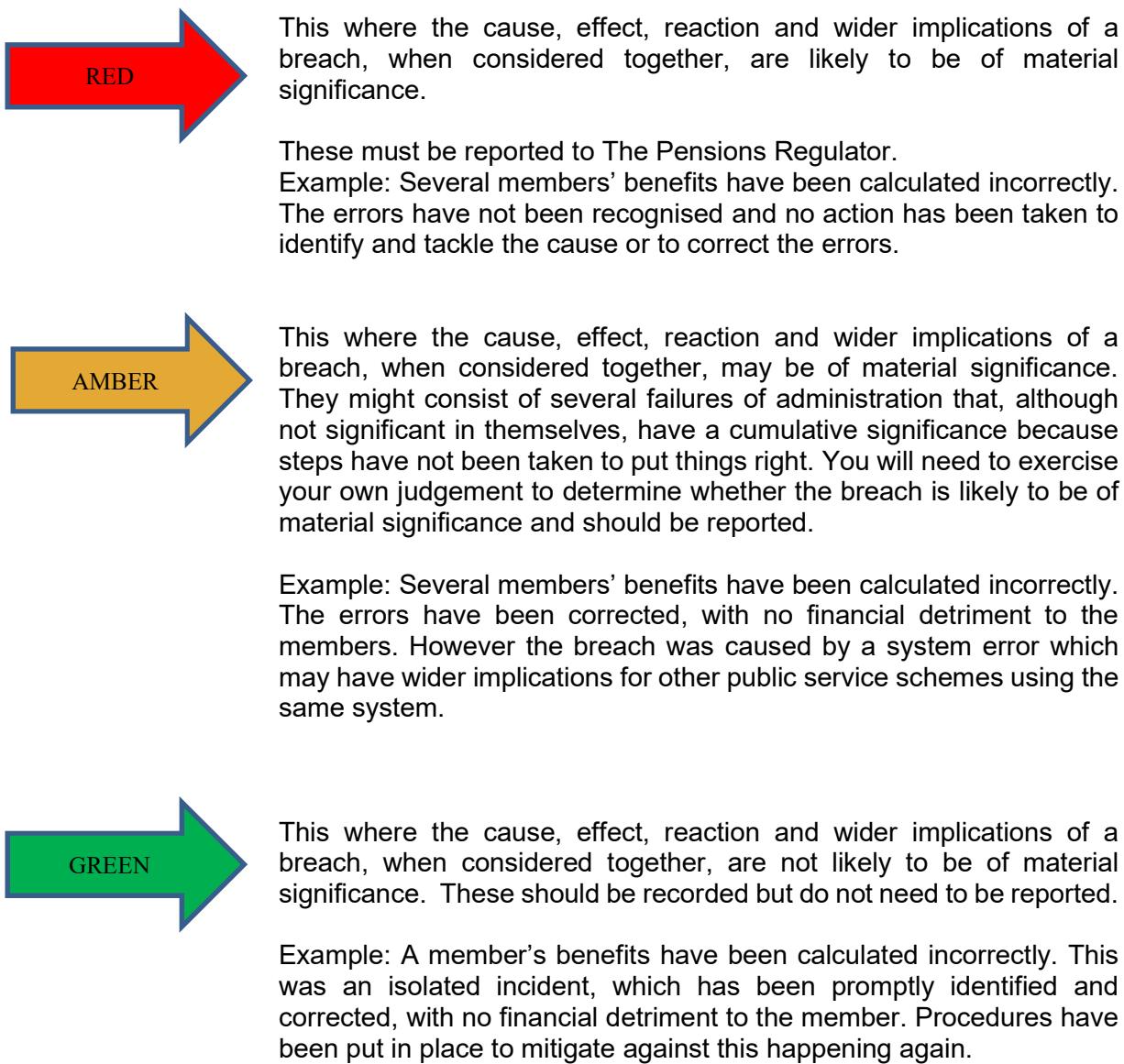
The wider implications of the breach

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

Appendix B

Traffic light framework for deciding whether or not to report

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together.

Some useful examples of this is framework is provided by The Pensions Regulator at the following link:

<http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx>

Appendix C

Enfield Pension Fund - Record of Breaches

*New breaches since the previous meeting should be highlighted

CONFLICTS OF INTEREST POLICY

Introduction

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of the Enfield Pension Fund, which is managed by London Borough of Enfield. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Enfield Pension Fund whether directly or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pension Policy & Investment Committee members, Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct, it aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

In relation to the governance of the Fund, the Administering Authority's objectives are to:

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust and well based
- **Understand and monitor risk**

- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate its objectives and how it intends to achieve those objectives through business planning, and continually measure and monitor success

The identification and management of potential and actual conflicts of interest is integral to the Administering Authority achieving its governance objectives.

To whom this Policy Applies

This Conflicts of Interest Policy applies to all members of the Pension Policy & Investment Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not. It applies to all managers in the management of London Borough of Enfield Pension Fund, the Chief Finance Officer (Section 151 Officer), Executive Directors, Directors and the Service Heads (from here on in collectively referred to as the senior officers of the Fund).

The Pension Manager/Pension Investment & Treasury Manager will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as he/she considers appropriate.

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

The Policy also applies to all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Policy & Investment Committee or Fund officers.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with the Administering Authority on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Pension Board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue (see below).

The Local Government Pension Scheme Regulations 2013

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each Administering Authority to satisfy itself that Pension Board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Pension Boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to Administering Authorities and Pension Boards. At the point of writing this Policy, the shadow LGPS national scheme advisory board has issued guidance relating to the creation of Pension Boards including a section on conflicts of interest. It is expected that this guidance will be adopted by the scheme advisory board when it is created by statute and possibly also by the Secretary of State. This Conflicts of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004

The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

Local Government Act 2000

All members and co-opted members of the Enfield Pension Policy & Investment Committee are required by the Local Government Act 2000 to abide by Flintshire's Members' Code of Conduct. Part 3 of that Code contains provisions relating to personal interests, personal and prejudicial interests, their disclosure and limitations on members' participation where they have any such interest.

The Public Services Ombudsman for Wales' Ten Guiding Principles

The Local Government Act 2000 empowered the National Assembly to issue principles to which local authority elected members must have regard in undertaking their role as a member. These principles draw on the 7 Principles of Public Life which were set out in the Nolan Report "Standards of Conduct in Local Government in England, Scotland and Wales". Three more were added to these; a duty to uphold the law, proper stewardship of the Council's resources and equality and respect for others.

The current principles were set out in a statutory instrument and are detailed below. Many of the principles are integral to the successful implementation of this Policy.

CODE OF CONDUCT & CONFLICT OF INTEREST POLICY

1. Code of conduct

- 1.1 As members of a publicly funded body with a responsibility to discharge public business, members of the Enfield Pension Board should have the highest standards of conduct.

- 1.2 Pension Board members should have regard to the Seven Principles of Public life:
 - Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

1.3 All Enfield Pension Board members must:

- Act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
- Not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
- Make all choices on merit and must be impartial and seen to be impartial, when carrying out your public duties.
- Co-operate fully with whatever scrutiny is appropriate to your role.
- Not, without proper authority, reveal any confidential and sensitive information that is provided to you, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation.
- Ensure when using or authorising the use by others of the resources of the authority that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
- Promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.
- Sign the Conflict of Interest Declaration and declare any further potential conflicts of interest that may arise once appointed as a member.
- Comply with the Enfield Pension Fund Code in addition to all other existing Codes of Conduct or Protocols (e.g. The Member Code of Conduct).

2. **Conflict of interest**

- 2.1 The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

2.2 A conflict of interest exists where a decision on a matter might reasonably be regarded as affecting (to a greater extent than other persons who may be affected by the decision) the well-being or financial position of the Councillor, a relative or a friend or

- the employment or business carried out by those persons, or in which they might be investors (above a certain level),
- any of the bodies with which the decision maker is associated, and which decision maker will have registered in the appropriate register of interests.

It does not need to be shown that a conflict of interest actually exists. It is sufficient if it appears to a fair and informed observer that there was a real possibility of conflict.

2.3 Examples of potential conflicts of interest, not only for the Board but also for all those involved in managing the Pension Fund, are listed at appendix A.

2.4 All prospective Pension Board members are required to complete the Enfield Pension Fund Conflict of interest declaration before they are appointed to the Pension Board, attached at appendix B.

2.5 All appointments to the Pension Board should be kept under review by the Executive Director, Resources.

2.5 It is the duty of any appointed Pension Board member to declare any potential conflict of interest. This declaration should be made to the Chair of the Pension Board in the first instance or to the Scheme Manager and recorded in a register of interests.

2.7 The Pension Board shall identify and monitor any potential conflict of interests in a register of interests (attached at appendix C). The register of interests should be circulated to the Enfield Pension Board and Scheme Manager for review and publication.

2.8 If the Pension Board suspects any conflict of interest it should report its concerns to the Scheme Manager.

2.9 When seeking to prevent a potential conflict of interest becoming detrimental to the conduct and decisions of the Pension Board, the Enfield Pension Board must consider obtaining legal advice when assessing its course of action and response. The Enfield Pension Board should consult the Monitoring Officer or the Service Head, Legal Services in the first instance.

2.10 Education on identifying and dealing with conflicts of interest will be included as part of the training requirement in the Knowledge and Understanding policy.

3. **Operational procedure for officers, Pension Policy & Investment Committee members and Pension Board members**

- 3.1 The following procedures must be followed by all individuals to whom this policy applies.

What is required	How this will be done
<i>Step 1 - Initial identification of interests which do or could give rise to a conflict</i>	<p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest the same or similar to that included in Appendix B. This is in addition to the requirement to register disclosable pecuniary interests and other registerable interests.</p> <p>The information contained in these declarations will be collated into the Pension Fund Register of conflicts of interest in a format the same or similar to that included in Appendix C.</p>
<i>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</i>	<p>At the commencement of any Pension Policy & Investment Committee, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any new potential conflicts. These will be recorded in the Fund's Register of conflicts of interest. In addition, the latest version of the Register will be made available by the Governance Officer to the Chairman of every meeting prior to that meeting.</p> <p>At the start of the Pension Policy & Investment Committee meetings there will also, be an agenda item for Members to declare any interests under the Members' Code in relation to any items on that agenda.</p> <p>Any individual, who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairman and the Governance Officer prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Officers, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to the Governance Officer and where it relates to the business of any meeting, also to the Chairman of that meeting. The Officers, in consultation with the Chairman where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, the Pensions & Treasury Manager may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on to how to address any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.</p>

What is required	How this will be done
Step 3 - Periodic review of potential and actual conflicts	<p>At least once every 12 months, the Officers will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will complete a new Declaration of Interest (see Appendix B) confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration. Following this exercise, the updated Register will then be circulated by the Officers to all individuals to whom it relates.</p>

4. Operational procedure for advisers

- 4.1 All of the key advisers are expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with London Borough of Enfield.
- 4.2 Although this Policy applies to all advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead all advisers must:
 - be provided with a copy of this Policy on appointment and whenever it is updated
 - adhere to the principles of this Policy
 - provide, on request, information to the Pensions & Treasury Manager in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to London Borough of Enfield
 - notify the Pensions & Treasury Manager immediately should a potential or actual conflict of interest arise.
- 4.3 All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.
- 4.4 London Borough of Enfield will encourage a culture of openness and transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.
- 4.5 London Borough of Enfield will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.
- 4.6 Ways in which conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
 - the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Policy & Investment Committee meeting)
 - a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)
- 4.7 Provided that the Administering Authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, London Borough of Enfield shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Committee, Board or appointment.
- 4.8 ***Minor Gifts***
 For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items (subject to a notional maximum value of £10 per item and an overall maximum value of £20 from an individual company per event) obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared. Pension Policy & Investment Committee members should, however, be aware that they may be subject to lower limits and a separate notification procedure in the London Borough of Enfield Members' Code of Conduct.

5. Monitoring and Reporting

- 5.1 The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by the Governance Officer for the Fund. In addition, it will be published in the annual report and accounts
- 5.2 In order to identify whether the objectives of this Policy are being met the Administering Authority will:
- Review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity
 - Provide its findings to the Administering Authority's Independent Adviser and ask him or her to include comment on the management of conflicts of interest in his

or her annual report on the governance of the Fund each year.

6. Key Risks

6.1 The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Pension & Treasury Manager will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

7. Costs

7.1 All costs related to the operation and implementation of this Policy will be met directly by Enfield Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

8. Approval, Review and Consultation

8.1 This Conflicts of Interest Policy is to be approved using delegated responsibilities on 27 February 2020. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

Bola Tobun,
Pension & Treasury Manager,
London Borough of Enfield
E-mail - Bola.Tobun@enfield.gov.uk
Telephone – 020 8132 1588

Appendix A

Examples of Potential Conflicts of Interest

- a) An elected member on the Pension Policy & Investment Committee is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.
- b) A member of the Pension Policy & Investment Committee is on the board of a Fund Manager that the Committee is considering appointing.
- c) An officer of the Fund or member of the Pension Policy & Investment Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process.
- d) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.
- e) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- f) An officer of the Fund is asked to provide guidance to the Local Pension Board on the background to an item considered at the Pension Policy & Investment Committee. This could be a potential conflict as the officer could consciously or sub-consciously avoid providing full details, resulting in the Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that Pension Policy & Investment Committee item.
- g) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Executive Director of Finance and Public Protection, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Policy & Investment Committee, which, if agreed, would result in a material reduction in the recharges to the Council from the Fund.
- h) Officers of the Fund are asked to provide a report to the Pension Board or Pension Policy & Investment Committee on whether the administration services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for the officers.
- i) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.
- j) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, delegated consulting of fund monies or providing assistance with monitoring the covenant of employers.
- k) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pension Policy & Investment Committee or Local Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of

London Borough of Enfield Pension Fund Annual Report For 2019/20



this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Board.

Declaration of Interests relating to the management of Enfield Pension Fund administered by London Borough of Enfield

I, [insert full name]

am:

Tick as appropriate

- an officer involved in the management
- Pension Policy & Investment Committee Member
- Pension Board Member

of Enfield Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Enfield Pension Fund Conflicts of Interest Policy. I have put "none" where I have no such interests under any heading.

Responsibilities or other interests that could result in a conflict of interest (please list and continue overleaf if necessary):

A) Relating to me

B) Relating to family members or close colleagues

Undertaking:

I declare that I understand my responsibilities under the Enfield Pension Fund Conflicts of Interest Policy. I undertake to notify the Pension & Treasury Manager of any changes in the information set out above.

Signed _____ Date _____

Name (CAPITAL LETTERS)

London Borough of Enfield Pension Fund Annual Report For 2019/20


Appendix C

Enfield Pension Fund - Register of Potential and Actual Conflicts of Interest

All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by London Borough of Enfield, the Administering Authority.

Date Identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified (1)	Action taken (2)	Follow up required	Date resolved

(1) E.g. verbal declaration at meeting, written conflicts declaration, etc.

(2) E.g. withdrawing from a decision making process, left meeting

London Borough of Enfield Pension Fund Annual Report For 2019/20



Section 4 - Glossary

Actuary	A person who analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.
Admitted bodies	These are employers who have been allowed into the Fund at the Council's discretion.
Alternative investments (Other Pooled Funds)	These are less traditional investments where risks can be greater but potential returns higher over the long term, for example investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.
AVCs	Additional voluntary contributions are paid by a contributor who decides to supplement his or her pension by paying extra contributions to the Fund's AVC provider (Prudential).
Bulk transfer	A transfer of a group of members agreed by, and taking place between, two pension schemes.
Commutation	The conversion of an annual pension entitlement into a lump sum on retirement.
Contingent liability	A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain.
Custodian	A bank that looks after the Fund's investments, implements investment transactions as instructed by the Fund's managers and provides reporting, performance and administrative services to the Fund.
Cross subsidies	Amounts of money by which organisations subsidise each other.
Discretionary	Allowable but not compulsory under law.
Dividends	Income to the Fund on its holdings of UK and overseas equities.
Emerging markets	The financial markets of developing economies.
Equities	Shares in UK and overseas companies.
FTSE	Financial Times – publishers of the FTSE-100, and other indices.
Gilt-edged securities (or Gilts)	Fixed-interest stocks issued by the UK Government.
Hedge fund	A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.
Index	A measure of the value of a stock market based on a representative

LGPS	The Local Government Pension Scheme is a nationwide scheme for employees working in local government or working for other employers participating in the scheme and for some councillors.
LIBOR	London Inter Bank Offer Rate – the interest rate that banks charge each other in the short-term international money market. It is often used as a benchmark to set other interest rates or to measure returns on investments.
Mandatory	Compulsory by force of law.
Myners	Paul Myners, author of the Myners Report into institutional investment in the UK, published in March 2001.
Private equity	Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (ie, not easily turned into cash) and higher-risk investments that should provide high returns over the long term.
Projected unit actuarial method	One of the common methods used by actuaries to calculate a contribution rate to the Scheme, which is usually expressed as a percentage of the members' pensionable pay.
Recovery period	Timescale allowed (up to a maximum of 40 years) over which surpluses or deficiencies to the Fund can be eliminated.
Rolling three-year periods	Successive periods of three years, such as years one to three, followed by years two to four. Performance is often measured over longer periods than a single year to eliminate the short-term effects of volatile changes in stock markets.
Scheduled bodies	These are organisations that have a right to be in the Fund.
Transfer value	A cash sum representing the value of a member's pension rights.
With profits	With-profits funds are investments that give a return in the form of annual bonuses and usually a final or terminal bonus.
Yield	Annual income on an investment divided by its price and expressed as a percentage.

Section 5:

Independent Auditor's Report to the members of London Borough of Enfield Pension Fund

Independent auditor's report to the members of the London Borough of Enfield on the pension fund financial statements

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2019/20 Local Authority Fund Statistics

UNIVERSE OVERVIEW

	1 Year	3 Yrs (% p.a.)	5 Yrs (% p.a.)	10 Yrs (% p.a.)	20 Yrs (% p.a.)	30 Yrs (% p.a.)
Universe average	-4.8	1.9	5.2	6.9	5.5	7.9
Range of Results						
Top Quartile	-2.7	2.5	5.7	7.3	5.6	8.0
Median	-4.1	1.7	4.8	6.8	5.1	7.7
Bottom Quartile	-6.4	1.1	4.1	6.3	4.8	7.5
Total Equity	-12.5	-0.7	4.3	6.9	5.1	8.0
Global	-11.9	0.2	5.8	7.6		
UK	-18.2	-4.3	0.5	4.9	3.8	7.3
Overseas	-8.8	0.5	5.9	7.7	5.5	7.8
Total Bonds	1.7	2.2	3.7	5.6	5.9	7.7
UK Govt	8.1	5.0	5.0	2.5		
UK Corp	0.1	2.0	3.5	1.7		
UK IL	2.0	2.5	5.4	7.8		
Non UK Bonds	1.7	1.9	4.8	4.6		
Absolute Return Bonds	-4.1	-0.2	0.9			
Multi Asset Credit	-11.8					
Alternatives	7.4	7.8	9.5	8.4	7.4	
Private Equity	12.1	12.0	14.0	11.8		
Hedge Funds	5.7	3.2	3.9	4.4		
Infrastructure	5.5	7.8	10.0			
Diversified Growth	-5.2	-1.1	0.2			
Property	1.7	5.8	6.8	7.8	7.0	7.3

At the end of March 2020 the Universe was comprised of 63 funds with a combined value of £180 bn.
The two closed Transport Funds are included in the Universe but excluded from the League tables.

TOTAL FUND PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-4.8		1.9		5.2		6.9		5.5		7.9	
Range of Results												
Top Quartile	-2.7		2.5		5.7		7.3		5.6		8.0	
Median	-4.1		1.7		4.8		6.8		5.1		7.7	
Bottom Quartile	-6.4		1.1		4.1		6.3		4.8		7.5	
Avon Pension Fund	-6.5	75	0.9	82	3.4	93	6.1	83	4.8	80	7.5	78
Barking and Dagenham	-4.9	57	1.8	47	4.7	57	5.8	93	4.0	98	7.5	74
Barnet Pension Fund	-5.4	60	1.0	80	3.3	95	5.2	100	4.6	93	7.1	98
Bexley Pension Fund	0.0	2	3.9	5	6.5	7	8.1	9	6.4	4	8.7	4
Brent Pension Fund	-3.9	42	1.5	60	4.6	60	6.0	88	3.9	100	6.7	100
Bromley Pension Fund	-2.7	22	3.9	3	7.3	3	9.0	2	7.0	1	8.8	1
Cambridgeshire Pension Fund	-5.7	67	1.4	65	4.9	47	6.5	64	4.8	80	7.6	72
Camden Pension Fund	-6.7	83	0.6	88	4.1	82	5.8	93	5.1	54	7.6	64
Cardiff & Glamorgan Pension Fund	-7.4	92	0.1	98	3.7	90	6.5	69	4.8	82	7.5	80
City of London Corporation Pension Fund	-4.1	47	1.8	43	4.5	63	6.5	64	4.4	95		
Cornwall Pension Fund	-1.6	15	2.9	17	3.8	88	5.4	98				
Cumbria Pension Fund	-2.7	20	2.8	20	5.7	23	7.7	14	6.2	8	8.0	26
Devon Pension Fund	-8.0	95	0.4	92	3.5	92	5.4	97	5.1	48	7.4	86
Dyfed Pension Fund	-7.2	88	1.1	75	5.2	35	7.3	26	6.0	9	8.3	10
Ealing Pension Fund	-5.7	65	1.3	68	4.1	82	6.7	59	5.7	19	8.0	32
East Riding Pension Fund	-4.8	55	1.8	42	5.2	35	7.0	41	5.4	37	7.9	40
East Sussex Pension Fund	-3.9	40	1.8	47	5.2	30	6.8	45	5.6	24	8.0	30
Enfield Pension Fund	-1.5	10	2.5	23	5.4	27	6.8	48	5.4	35	8.1	22
Flintshire (Clywd)	-3.3	32	1.9	38	5.2	35	6.1	81	4.9	72	7.4	90
Gloucestershire Pension Fund	-6.2	73	1.1	78	4.3	72	6.8	47	5.0	59	7.8	46
Greater Manchester Pension Fund	-6.6	80	0.9	83	4.8	50	6.5	66	6.3	6	8.3	8
Greenwich Pension Fund	-6.6	82	0.2	97	3.3	97	5.7	95	4.2	96		
Gwynedd Pension Fund	-6.5	78	1.3	68	5.1	38	6.6	60	5.3	41	7.6	64
Hackney Pension Fund	-4.2	48	1.9	40	4.1	73	6.1	85	4.9	69	7.5	76
Hammersmith and Fulham	-2.2	18	1.5	62	4.3	68	7.2	31	5.5	33	7.7	52
Haringey Pension Fund	-3.7	38	2.1	33	6.1	13	7.7	16	4.8	85	7.7	54

TOTAL FUND PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-4.8		1.9		5.2		6.9		5.5		7.9	
Range of Results												
Top Quartile	-2.7		2.5		5.7		7.3		5.6		8.0	
Median	-4.1		1.7		4.8		6.8		5.1		7.7	
Bottom Quartile	-6.4		1.1		4.1		6.3		4.8		7.5	
Harrow Pension Fund	-8.1	97	0.4	93	4.0	85	6.7	57	5.3	39	7.9	42
Havering Pension Fund	-1.6	13	2.2	30	4.4	67	6.8	54	4.8	87	7.8	48
Hillingdon Pension Fund	-6.1	72	0.5	90	4.1	77	5.8	90				
Hounslow Pension Fund	-6.5	78	1.3	70	4.1	82	6.4	73	5.2	46	7.9	40
Isle of Wight Pension Fund	-5.5	63	1.1	78	4.1	75	7.3	24	5.8	15	8.0	26
Islington Pension Fund	-1.3	8	3.2	13	5.0	43	6.7	55	4.8	89	7.7	50
Kensington and Chelsea	-3.4	33	3.7	8	7.4	2	9.4	1				
Kent Pension Fund	-7.5	93	1.2	73	4.9	45	7.0	38	5.1	50	7.7	58
Kingston upon Thames	-3.1	27	2.0	35	5.0	40	7.3	28	5.1	56	7.7	58
Lambeth Pension Fund	-0.8	5	2.2	32	4.6	62						
Lancashire Pension Fund	1.8	1	5.9	1	8.1	1	8.5	7	6.0	11	8.4	6
Lewisham Pension Fund	-1.5	12	2.8	18	6.2	12	7.4	23	4.8	80	7.9	36
Lincolnshire Pension Fund	-5.8	70	1.7	48	4.7	55	6.4	76	4.6	91	7.6	66
Merseyside Pension Fund	-1.9	17	2.5	25	5.8	20	7.2	33	5.8	17	8.1	20
Merton Pension Fund	-4.3	50	1.6	55	4.8	48	6.8	50	5.5	30	8.0	28
Newham Pension Fund	-3.6	37	2.3	28	5.8	18	7.7	12	5.2	45	7.4	84
Northamptonshire Pension Fund	-4.7	53	1.7	52	5.1	37	6.9	43	5.3	43	7.8	44
Orkney Islands Pension Fund	-4.0	43	3.4	10	6.5	8	8.9	4	6.9	2	8.7	4
Oxfordshire Pension Fund	-5.8	68	1.6	57	5.0	43	7.1	36	4.8	85	7.4	90
Powys Pension Fund	-1.0	7	2.9	15	5.7	25	7.5	21	5.0	58	7.4	92
Redbridge Pension Fund	-5.4	60	1.4	63	4.0	83	6.4	74	4.9	70	7.5	82
Rhondda Cynon Taf Pension Fund	-2.8	23	4.1	2	6.9	5	8.5	5	5.7	22	8.2	16
South Yorkshire Pension Authority	-3.2	28	2.4	27	5.7	22	7.6	17	5.9	13	8.0	34
Southwark Pension Fund	-2.8	25	3.2	13	5.9	17	7.8	10	5.6	26		
Strathclyde Pension Fund	-3.5	35	2.7	22	6.4	10	7.5	19	5.7	22	8.3	12
Suffolk Pension Fund	-4.5	52	1.7	50	4.7	52	6.8	54	5.0	65		
Surrey Pension Fund	-11.2	100	-0.8	100	3.0	98	6.0	86	5.0	67	7.3	96

TOTAL FUND PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-4.8		1.9		5.2		6.9		5.5		7.9	
Range of Results												
Top Quartile	-2.7		2.5		5.7		7.3		5.6		8.0	
Median	-4.1		1.7		4.8		6.8		5.1		7.7	
Bottom Quartile	-6.4		1.1		4.1		6.3		4.8		7.5	
Sutton Pension Fund	-3.3	30	2.0	37	5.3	28						
Swansea Pension Fund	-4.1	45	1.5	58	4.6	58	6.3	78	5.0	61	7.7	60
Torfaen (Gwent)Pension Fund	-7.0	87	0.4	95	4.0	87	6.2	79	4.9	74	7.3	94
Tower Hamlets Pension Fund	-0.4	3	3.8	7	5.9	15	7.0	40	5.1	52	7.6	70
Waltham Forest Pension Fund	-5.4	62	1.6	53	2.9	100	6.4	73	5.0	63	7.6	70
West Yorkshire Pension Fund	-7.4	90	0.8	85	4.7	53	6.5	67	5.6	28	8.1	18
Westminster Pension Fund	-7.0	85	1.3	72	4.3	70	7.2	35				
Wandsworth & Richmond Fund	-8.4	98	0.7	87	4.4	65	7.2	31	5.5	32	8.2	14

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-12.5		-0.7		4.3		6.9		5.1		8.0	
Range of Results												
Top Quartile	-6.9		1.6		5.7		7.8		5.4		8.3	
Median	-9.8		0.4		4.8		7.1		5.1		8.1	
Bottom Quartile	-11.6		-0.4		4.0		6.6		4.6		7.7	
Avon Pension Fund	-12.8	88	-2.6	95	2.9	95	6.2	87	4.4	86	7.5	91
Barking and Dagenham	-10.3	61	1.3	31	6.7	18	7.8	27	4.6	76	8.4	17
Barnet Pension Fund	-12.4	87	-0.8	83	3.4	89	7.9	23	5.4	28	8.2	44
Bexley Pension Fund	-5.3	12	3.0	14	6.7	18	8.8	13	6.7	4	9.3	4
Brent Pension Fund	-8.9	39	0.6	46	5.1	40	6.7	72	4.2	98	7.0	100
Bromley Pension Fund	-2.3	1	5.3	2	9.3	1	10.7	2	7.5	1	9.5	2
Cambridgeshire Pension Fund	-11.6	76	-0.3	75	4.2	73	6.6	76	4.5	78	7.6	81
Camden Pension Fund	-10.1	58	-0.1	70	4.6	62	6.5	77	5.2	44	8.2	35
Cardiff & Glamorgan Pension Fund	-14.9	97	-2.9	98	2.6	96	6.3	85	4.5	82	7.6	81
City of London Corporation Pension Fund	-6.4	22	1.3	31	5.0	44	7.8	27	5.0	60		
Cornwall Pension Fund	-4.6	9	2.1	22	6.1	24	7.7	30				
Cumbria Pension Fund	-10.4	63	1.0	34	5.0	46	7.6	34	5.8	16	8.2	37
Devon Pension Fund	-12.9	92	-1.4	92	3.2	91	6.0	93	4.7	66	7.6	83
Dyfed Pension Fund	-10.7	70	-0.7	78	4.9	47	7.1	51	5.4	32	8.2	35
Ealing Pension Fund	-11.1	73	-0.1	71	3.9	76	6.6	76	5.5	22	8.2	31
East Sussex Pension Fund	-12.2	85	-0.8	80	5.0	44	7.2	45	5.3	34	8.1	52
Enfield Pension Fund	-7.1	27	2.1	20	6.9	13	8.9	11	5.8	12	8.7	11
Flintshire (Clywd)	-10.5	66	0.2	58	4.8	49	6.4	83	4.6	76	7.4	94
Gloucestershire Pension Fund	-10.5	65	0.2	59	4.2	69	7.0	57	4.9	62	8.0	54
Greater Manchester Pension Fund	-16.6	100	-3.1	100	2.9	93	6.0	94	5.5	24	8.3	22
Greenwich Pension Fund	-12.2	83	-1.0	85	3.6	86	5.9	96	4.0	100		
Gwynedd Pension Fund	-9.9	54	-0.2	73	4.7	58	6.7	70	5.0	56	7.8	63
Hackney Pension Fund	-9.8	51	0.1	65	3.7	84	6.4	81	4.6	72	7.7	74
Hammersmith and Fulham	-7.0	26	1.0	36	5.7	27	8.9	10	6.5	6	8.9	7
Haringey Pension Fund	-9.5	46	0.3	54	5.1	36	7.2	49	4.2	94	7.6	87
Harrow Pension Fund	-10.2	59	0.3	56	5.1	40	7.5	38	5.1	54	8.2	39

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-12.5		-0.7		4.3		6.9		5.1		8.0	
Range of Results												
Top Quartile	-6.9		1.6		5.7		7.8		5.4		8.3	
Median	-9.8		0.4		4.8		7.1		5.1		8.1	
Bottom Quartile	-11.6		-0.4		4.0		6.6		4.6		7.7	
Haivering Pension Fund	-6.3	19	3.1	10	7.6	7	6.1	91	4.4	84	7.8	65
Hillingdon Pension Fund	-15.4	98	-2.7	97	2.0	98	5.1	100				
Hounslow Pension Fund	-9.4	42	0.9	37	4.3	67	6.9	64	5.0	58	8.1	48
Isle of Wight Pension Fund	-9.4	44	0.1	63	4.5	64	8.2	19	5.8	16	8.3	28
Islington Pension Fund	-9.5	48	0.6	42	4.7	55	6.9	64	4.2	98	7.6	89
Kensington and Chelsea	-6.4	20	3.5	5	8.2	6						
Kent Pension Fund	-11.8	80	-1.4	90	3.9	80	7.1	55	4.7	70	7.7	76
Kingston upon Thames	-3.4	5	3.0	12	7.5	9	9.0	8	5.3	36	8.3	24
Lambeth Pension Fund	-2.5	3	3.4	9								
Lancashire Pension Fund	-2.5	2	4.7	3	8.7	4	9.5	6	6.0	8	8.7	9
Lewisham Pension Fund	-7.6	32	1.6	26	6.2	20	7.3	42	4.2	92	7.8	67
Lincolnshire Pension Fund	-11.7	78	0.0	66	4.8	53	7.1	53	4.5	80	7.8	70
Merseyside Pension Fund	-9.7	49	-0.8	81	4.2	71	6.5	79	4.7	68	7.6	85
Merton Pension Fund	-5.3	14	2.2	17	5.3	35	7.2	45	5.2	46	8.2	44
Newham Pension Fund	-10.6	68	0.4	51	5.8	26	8.4	17	5.6	20	8.3	26
Northamptonshire Pension Fund	-7.1	31	1.1	32	5.5	31	7.7	32	5.4	26	8.4	20
Orkney Islands Pension Fund	-3.5	7	5.7	1	8.9	2	11.1	1	7.5	2	9.6	1
Oxfordshire Pension Fund	-12.1	81	-0.7	76	4.0	75	6.8	68				
Powys Pension Fund	-9.3	41	0.3	53	4.7	60	7.8	28	4.4	88	7.1	98
Redbridge Pension Fund	-8.2	34	0.6	46	3.9	78	5.9	98	4.3	90	7.3	96
Rhondda Cynon Taf Pension Fund	-6.6	24	3.4	7	7.3	11	9.5	4	5.9	10	8.7	13
South Yorkshire Pension Authority	-10.7	71	0.0	68	4.7	56	6.9	66	5.3	40	7.9	61
Southwark Pension Fund	-4.9	10	2.2	19	6.9	15	8.5	15	5.4	30		
Strathclyde Pension Fund	-9.8	53	0.7	41	5.6	29	7.6	36	5.6	18	8.5	15
Suffolk Pension Fund	-8.2	36	1.5	27	5.3	33	7.5	40	4.7	64		
Surrey Pension Fund	-13.6	95	-1.7	93	3.8	82	6.9	60	5.3	38	8.0	57
Sutton Pension Fund	-5.6	17	1.7	24								

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	-12.5		-0.7		4.3		6.9		5.1		8.0	
Range of Results												
Top Quartile	-6.9		1.6		5.7		7.8		5.4		8.3	
Median	-9.8		0.4		4.8		7.1		5.1		8.1	
Bottom Quartile	-11.6		-0.4		4.0		6.6		4.6		7.7	
Swansea Pension Fund	-7.1	29	0.8	39	4.8	51	7.2	47	5.1	52	7.9	59
Torfaen (Gwent)Pension Fund	-8.4	37	0.1	63								
Tower Hamlets Pension Fund	-5.3	15	2.7	15	6.2	22	8.0	21	5.2	48	7.7	72
Waltham Forest Pension Fund	-13.5	93	-1.2	87	1.1	100	7.0	59	5.3	42	8.1	48
West Yorkshire Pension Fund	-12.9	90	-1.4	88	3.5	87	6.1	89	5.1	52	8.1	52
Westminster Pension Fund	-10.1	56	0.4	49	4.3	66						
Wandsworth & Richmond Fund	-11.6	75	0.6	48								

FIXED INCOME PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		2.2		3.7		5.6		5.9		7.7	
Range of Results												
Top Quartile	2.7		2.8		4.3		6.5		6.3		8.0	
Median	1.0		2.0		3.2		5.8		5.8		7.5	
Bottom Quartile	-3.4		0.3		2.0		4.2		4.9		7.1	
Avon Pension Fund	-4.7	86	-1.0	89	2.0	78	5.9	48				
Barking and Dagenham	2.8	24	0.7	67	0.6	90	3.1	90	4.6	90	7.0	82
Barnet Pension Fund	-1.9	67	1.5	58	2.6	63	5.9	46	6.1	37	7.3	64
Bexley Pension Fund	2.0	35	2.4	36	2.2	72	4.2	75	5.5	64	7.1	74
Brent Pension Fund	7.9	2	4.0	9	3.6	43	4.3	73	4.7	88	7.4	54
Bromley Pension Fund	-4.1	81	-0.4	82	2.0	76	5.4	63	5.4	66	7.2	67
Cambridgeshire Pension Fund	-4.3	83	-0.8	86	2.5	69	4.1	77	4.8	83	6.8	90
Camden Pension Fund	-6.0	91	-2.9	96	0.1	96	3.3	86	4.9	73	6.7	92
Cardiff & Glamorgan Pension Fund	3.1	21	2.7	27	2.6	65	4.7	69	6.0	46	7.8	28
City of London Corporation Pension Fund	-13.9	100										
Cornwall Pension Fund	-6.7	93	-4.7	100	-3.2	100	-0.3	100				
Cumbria Pension Fund	-3.9	78	-0.5	84	3.5	45	6.8	19				
Devon Pension Fund	-0.1	59	1.4	60	2.8	57	3.0	92	5.2	71	7.2	69
Dyfed Pension Fund	2.6	26										
Ealing Pension Fund	1.3	48	3.0	24	4.0	33	7.0	15	6.2	29	8.0	26
East Sussex Pension Fund	3.3	19	3.4	16	5.7	6	8.1	6	6.9	10	8.3	18
Enfield Pension Fund	0.5	55	1.6	53	3.2	51	5.8	54	6.0	39	7.8	39
Flintshire (Clywd)	-7.9	97	-1.6	93	-0.3	98	5.1	65	4.9	78	7.6	49
Gloucestershire Pension Fund	-1.4	62	0.6	71	3.1	53	5.8	54	5.6	56	7.8	31
Greater Manchester No 2	0.6	52	2.0	47	1.6	84	2.6	94	4.2	95		
Greater Manchester Pension Fund	2.8	23	2.2	42	4.2	27	5.6	61	6.4	20	7.8	36
Greenwich Pension Fund	0.5	54	1.2	64	2.7	61	5.8	56	6.0	46		
Gwynedd Pension Fund	-1.4	64	-1.0	91	0.2	92	1.9	98	4.1	100	6.3	100
Hackney Pension Fund	7.2	4	4.1	7	5.3	12	6.8	21				
Hammersmith and Fulham	-2.0	69	1.3	62	3.2	51	6.1	40	5.8	51	7.4	59
Haringey Pension Fund	1.0	50	2.5	35	4.4	23	7.6	8	6.6	15	8.5	8

FIXED INCOME PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		2.2		3.7		5.6		5.9		7.7	
Range of Results												
Top Quartile	2.7		2.8		4.3		6.5		6.3		8.0	
Median	1.0		2.0		3.2		5.8		5.8		7.5	
Bottom Quartile	-3.4		0.3		2.0		4.2		4.9		7.1	
Harrow Pension Fund	-5.0	88	0.7	69	3.4	47	7.0	13	7.0	7	8.1	23
Havering Pension Fund	1.7	36	3.3	20	5.5	8	9.2	1	7.1	5	8.5	10
Hillingdon Pension Fund	1.4	47	2.5	35	5.1	16	6.0	42				
Hounslow Pension Fund	1.7	40	2.5	35								
Isle of Wight Pension Fund	7.2	5	3.9	11	4.7	18	6.5	25				
Islington Pension Fund	2.6	28	2.6	29	3.6	43	6.1	38	5.6	61	7.7	41
Kent Pension Fund	-7.2	95	-0.9	87	0.7	88	3.3	88	4.4	93	7.0	80
Kingston upon Thames	-2.5	71	0.4	73	1.9	84	4.8	67	5.6	59	7.1	77
Lambeth Pension Fund	2.3	31	2.0	49								
Lancashire Pension Fund	3.6	17	4.2	6	6.3	2	6.1	36	6.0	46	7.6	46
Lewisham Pension Fund	6.6	9	4.3	4	6.1	4	8.3	4	7.2	3	8.6	5
Lincolnshire Pension Fund	1.7	38	1.9	51	2.6	69	3.9	79	4.8	85	6.5	95
Merseyside Pension Fund	20.1	1	8.2	1	8.2	1	8.6	2	7.2	3	9.0	1
Merton Pension Fund	-4.6	85	-0.2	80	3.9	37	6.2	33	6.2	32	7.7	44
Newham Pension Fund	4.8	14	3.3	20	2.7	61	5.8	54	5.7	54	7.3	62
Northamptonshire Pension Fund	1.6	43	2.3	38	4.1	31	5.7	58	6.1	34	7.5	51
Orkney Islands Pension Fund	5.9	10	3.5	13	5.3	14	6.4	27	6.3	24	7.4	57
Oxfordshire Pension Fund	4.0	16	3.2	22	4.6	21	6.5	23	6.4	17	8.3	15
Powys Pension Fund	1.6	43	1.5	56	3.8	39	6.3	31	6.2	27	8.3	13
Redbridge Pension Fund	2.2	33	2.3	40	3.9	35	7.0	17	6.3	24	7.8	36
Rhondda Cynon Taf Pension Fund	5.2	12	3.5	15	4.1	29	6.0	44	5.9	49	8.1	21
South Yorkshire Pension Authority	-0.3	60	2.1	44	5.5	10	7.4	11				
Southwark Pension Fund	-3.1	74										
Strathclyde Pension Fund	-1.8	66	1.1	66	2.1	76	3.8	83	4.8	81	6.8	87
Suffolk Pension Fund	-3.0	73	-0.1	78								
Surrey Pension Fund	-10.4	98	-3.0	98	0.1	94	4.5	71	5.2	68	6.9	85
Sutton Pension Fund	0.1	57	2.0	46								

FIXED INCOME PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		2.2		3.7		5.6		5.9		7.7	
Range of Results												
Top Quartile	2.7		2.8		4.3		6.5		6.3		8.0	
Median	1.0		2.0		3.2		5.8		5.8		7.5	
Bottom Quartile	-3.4		0.3		2.0		4.2		4.9		7.1	
Swansea Pension Fund	2.6	29	1.6	55	2.9	58	3.9	81	4.9	76	7.1	74
Torfaen (Gwent)Pension Fund	6.8	7	4.4	2								
Tower Hamlets Pension Fund	-5.6	90	-2.2	95	0.8	88	2.1	96	4.1	98	6.5	98
West Yorkshire Pension Fund	1.6	45	2.7	26	4.3	24	6.3	29	6.8	12	8.7	3
Westminster Pension Fund	-4.0	79	0.0	76	1.7	85						
Wandsworth & Richmond Fund	-3.8	76	0.4	75								

ALTERNATIVES PERFORMANCE

	1 Year	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank
			(% p.a.)		(% p.a.)		(% p.a.)	
Universe average	7.4		7.8		9.5		8.4	
Range of Results								
Top Quartile	9.6		8.1		10.9		9.8	
Median	6.8		6.6		7.8		6.5	
Bottom Quartile	3.7		4.2		5.9		5.5	
Avon Pension Fund	5.1	65	7.0	43	8.6	43	5	90
Barking and Dagenham	7.7	43	5.9	57	5.1	84		
Barnet Pension Fund	9.5	27						
Bexley Pension Fund	9.5	29						
Brent Pension Fund	6.7	53	7.1	41	11.0	24	10	26
Cambridgeshire Pension Fund	8.0	37	6.3	52	8.8	41	10	32
Camden Pension Fund	32.6	1	14.7	7	10.0	33	-2	100
Cardiff & Glamorgan Pension Fund	15.0	8	13.0	10	14.5	8	11	13
City of London Corporation Pension F1	1.4	88	3.1	83				
Cornwall Pension Fund	1.3	90	3.8	76	4.2	92	6	58
Cumbria Pension Fund	6.8	51	7.7	29	10.0	35	10	29
Devon Pension Fund	7.6	45	6.6	50	8.2	46	5	84
Dyfed Pension Fund	3.6	76						
Ealing Pension Fund	7.5	47						
East Sussex Pension Fund	1.8	82	3.1	86	4.4	89	6	61
Enfield Pension Fund	4.1	72	2.8	91	6.0	70	6	55
Flintshire (Clywd)	5.4	61	5.3	64	5.9	76	5	87
Gloucestershire Pension Fund	9.4	31	7.1	36	7.9	49		
Greater Manchester Pension Fund	8.7	35	10.0	19	11.3	22	10	16
Greenwich Pension Fund	-4.0	98	0.1	98	-0.2	100		
Gwynedd Pension Fund	21.3	2	22.9	1	23.3	1	17	1
Hammersmith and Fulham	5.0	67	3.4	79	5.9	73	5	94
Haringey Pension Fund	9.7	25	8.7	22	12.0	19	9	39
Harrow Pension Fund	1.6	84	5.3	69	10.6	27	10	23
Havering Pension Fund	18.9	4	1.0	95	0.4	97		
Hillingdon Pension Fund	7.8	41	5.3	67	7.7	54	6	52

ALTERNATIVES PERFORMANCE

	1 Year	Rank	3 Yrs		5 Yrs		10 Yrs	
			(% p.a.)	Rank	(% p.a.)	Rank	(% p.a.)	Rank
Universe average	7.4		7.8		9.5		8.4	
Range of Results								
Top Quartile	9.6		8.1		10.9		9.8	
Median	6.8		6.6		7.8		6.5	
Bottom Quartile	3.7		4.2		5.9		5.5	
Hounslow Pension Fund	-5.3	100	-0.2	100				
Islington Pension Fund	9.3	33	20.0	2				
Kensington and Chelsea	6.4	55	5.4	62	7.6	57	8	42
Kent Pension Fund	2.2	80	2.9	88	6.3	68	5	78
Lambeth Pension Fund	13.1	10	2.5	93				
Lancashire Pension Fund	11.1	14	11.5	14	13.8	11	12	10
Lewisham Pension Fund	10.3	21	7.3	31	7.7	51	6	68
Lincolnshire Pension Fund	4.0	74	5.6	60	5.1	87	6	74
Merseyside Pension Fund	-0.6	94	4.7	72	7.4	60	7	45
Merton Pension Fund	5.7	59						
Newham Pension Fund	9.9	23	8.0	26	12.6	16	10	19
Northamptonshire Pension Fund	3.4	78	4.6	74	3.6	95	-1	97
Oxfordshire Pension Fund	5.3	63	8.1	24	12.7	14	13	7
Powys Pension Fund	6.8	51	7.1	38	5.5	78	5	84
South Yorkshire Pension Authority	4.6	69	6.6	50	9.2	38		
Strathclyde Pension Fund	17.9	6	14.8	5	16.3	3	13	3
Suffolk Pension Fund	0.3	92	3.4	81	5.5	81	7	48
Surrey Pension Fund	10.5	18	11.9	12	15.2	6		
Sutton Pension Fund	11.6	12	11.4	17				
Swansea Pension Fund	8.0	39	7.3	33	6.7	65	6	65
Torfaen (Gwent)Pension Fund	-3.1	96						
Waltham Forest Pension Fund	1.6	86	5.9	55	6.9	62	6	71
West Yorkshire Pension Fund	6.0	57	6.9	45	10.6	30	9	36

PROPERTY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		5.8		6.8		7.8		7.0		7.3	
Range of Results												
Top Quartile	3.0		6.3		7.3		8.2		7.4		7.8	
Median	0.5		5.3		6.1		7.4		6.4		7.2	
Bottom Quartile	-0.6		4.2		5.5		6.6		5.7		6.3	
Avon Pension Fund	5.4	4	6.5	20	7.4	18	8.2	27				
Barking and Dagenham	-1.6	86	3.8	83	4.5	94	4.5	96	5	92	6	78
Bexley Pension Fund	-0.2	69	4.8	63	5.8	62	8.2	21				
Brent Pension Fund	3.5	22	-28.9	100	-18.1	100	-6.3	100	-1	100	3	100
Bromley Pension Fund	1.2	36										
Cambridgeshire Pension Fund	0.5	51	5.3	50	5.9	56	6.6	75	6	56		
Camden Pension Fund	4.1	15	6.0	33	8.7	2	9.3	2	7	31	8	33
Cardiff & Glamorgan Pension Fund	6.0	1	6.4	22	7.3	22	8.6	11				
Cornwall Pension Fund	-0.4	75	6.2	30	6.1	50	7.6	42				
Cumbria Pension Fund	-3.6	98	3.5	87	5.9	54	8.3	17	8	3	9	4
Devon Pension Fund	4.4	13	7.4	8	7.5	16	8.2	27	7	42		
Dyfed Pension Fund	-1.1	78	6.2	30	6.8	38	8.1	31				
Ealing Pension Fund	0.9	46	5.3	50	5.4	80						
East Sussex Pension Fund	-1.3	82	4.8	65	5.6	74	7.4	50	6	50	7	59
Enfield Pension Fund	0.9	46	4.2	76	4.6	92	5.0	94	5	95	8	11
Flintshire (Clywd)	5.0	7	6.9	15	8.0	8	8.4	15	7	17	7	56
Gloucestershire Pension Fund	1.5	33	6.0	35	7.1	30	9.0	4	8	8		
Greater Manchester Pension Fund	-3.2	95	3.4	89	5.0	86	6.5	81	7	47	7	48
Greenwich Pension Fund	-1.5	84	4.5	69	5.8	58	7.0	71	5	89		
Gwynedd Pension Fund	0.1	58	4.8	61	5.7	70	7.7	36	7	33	8	22
Hackney Pension Fund	0.1	60	4.6	67	6.0	52	7.6	40	8	14	8	26
Hammersmith and Fulham	5.9	2	7.7									
Haringey Pension Fund	-2.7	91	4.1	78	5.1	84	6.4	83	6	72	6	70
Harrow Pension Fund	-2.7	93	3.2	91	4.5	96	7.1	65	6	53	8	30
Havering Pension Fund	5.4	6	6.9	15	7.3	26	7.0	67				
Hillingdon Pension Fund	-3.5	96	2.8	96	5.5	78	7.3	54				

PROPERTY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		5.8		6.8		7.8		7.0		7.3	
Range of Results												
Top Quartile	3.0		6.3		7.3		8.2		7.4		7.8	
Median	0.5		5.3		6.1		7.4		6.4		7.2	
Bottom Quartile	-0.6		4.2		5.5		6.6		5.7		6.3	
Hounslow Pension Fund	-4.3	100	2.9	95	4.9	88	6.9	73	7	36		
Isle of Wight Pension Fund	0.0	62	5.2	54	6.8	36	8.6	8	7	45	5	96
Islington Pension Fund	2.4	31	5.5	45	6.9	34	7.5	46				
Kensington and Chelsea	0.3	55	5.5	43	6.2	46	7.2	61				
Kent Pension Fund	1.1	40	6.6	19	8.2	6	9.6	1	9	1	9	1
Kingston upon Thames	1.4	35	4.5	70	5.4	82	6.6	77	6	78		
Lambeth Pension Fund	4.6	11	5.1	56								
Lancashire Pension Fund	3.7	20	7.9	2	7.6	12	7.3	54	8	6	8	15
Lewisham Pension Fund	-0.2	64	5.3	46	6.7	40	7.2	56	6	70	6	74
Lincolnshire Pension Fund	-0.8	76	3.6	85	4.8	90	5.3	90	5	86	6	89
Merseyside Pension Fund	0.6	49	4.8	59	6.6	42	8.5	13	7	22	7	37
Merton Pension Fund	0.4	53	5.2	52	5.8	62	5.7	88	6	81	7	52
Newham Pension Fund	4.7	9	6.4	24	6.2	48	7.4	48	5	83	6	85
Northamptonshire Pension Fund	-1.9	87	4.4	72	5.7	68	5.9	86	6	61	8	8
Oxfordshire Pension Fund	2.5	29	6.1	32	7.2	28	7.6	38	6	75	6	93
Powys Pension Fund	-0.3	71	5.0	58	5.5	76	5.1	92				
Redbridge Pension Fund	0.6	47	5.8	37	6.9	32	8.1	29	7	28		
Rhondda Cynon Taf Pension Fund	3.0	26	7.2	9	7.9	10	7.1	63				
South Yorkshire Pension Authority	-0.3	73	3.9	80	4.3	98	8.2	23	8	14	8	19
Southwark Pension Fund	1.2	38	7.4	6	7.3	20	8.3	19	7	25		
Strathclyde Pension Fund	4.0	16	6.6	17	8.8	1	8.8	6	7	20	7	41
Suffolk Pension Fund	-1.2	80	3.9	82	5.7	68	7.5	46	6	64		
Surrey Pension Fund	0.2	56	6.3	26	7.3	26	7.2	58	6	67	6	67
Sutton Pension Fund	-0.2	69	2.9	93								
Swansea Pension Fund	-2.0	89	2.8	98	5.7	72	6.5	79				
Torfaen (Gwent)Pension Fund	1.0	42	5.6	41								
Tower Hamlets Pension Fund	-0.2	69	5.7	39	6.4	44	7.0	71	6	58	7	48

PROPERTY PERFORMANCE

	1 Year	Rank	3 Yrs (% p.a.)	Rank	5 Yrs (% p.a.)	Rank	10 Yrs (% p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe average	1.7		5.8		6.8		7.8		7.0		7.3	
Range of Results												
Top Quartile	3.0		6.3		7.3		8.2		7.4		7.8	
Median	0.5		5.3		6.1		7.4		6.4		7.2	
Bottom Quartile	-0.6		4.2		5.5		6.6		5.7		6.3	
Waltham Forest Pension Fund	2.7	27	4.2	74	5.7	64	3.3	98	4	97	6	82
West Yorkshire Pension Fund	3.1	24	8.8	1	8.2	6	7.9	33	7	39	7	63
Westminster Pension Fund	3.8	18	7.1	11	7.5	14						

DIVERSIFIED GROWTH PERFORMANCE

	1 Year	Rank	3 Yrs	5 Yrs	
			(% p.a.)	Rank	(% p.a.)
Universe average	-5.2		-1.1		0.2
Range of Results					
Top Quartile	1.2		-0.1		0.9
Median	-5.3		-0.5		0.4
Bottom Quartile	-6.6		-1.2		0.0
Avon Pension Fund	1.2	25	0.1	14	0.4
Barking and Dagenham	-2.2	31	0.1	18	
Barnet Pension Fund	-5.0	47	-0.2	32	0.8
Bexley Pension Fund	3.2	3	0.9	1	
Brent Pension Fund	-5.4	56	-0.9	68	1.2
Camden Pension Fund	-6.2	72	-0.9	64	0.3
Cornwall Pension Fund	-7.6	81	-1.4	82	0.5
Devon Pension Fund	-10.9	100	-2.1	100	0.4
Flintshire (Clywd)	-6.2	69	-1.8	86	-0.6
Gloucestershire Pension Fund	1.5	22	0.8	4	-0.1
Greenwich Pension Fund	1.8	19	-0.1	22	
Hackney Pension Fund	-6.6	75	-2.0	97	-0.9
Hammersmith and Fulham	4.1	1	0.3	11	
Haringey Pension Fund	3.2	6			
Harrow Pension Fund	-5.3	50	-0.5	54	-0.6
Havering Pension Fund	-3.1	44	-0.5	43	0.8
Hounslow Pension Fund	-8.0	84	-0.4	39	1.4
Isle of Wight Pension Fund	-8.6	94	-1.4	79	0.9
Islington Pension Fund	-5.4	53	-0.1	29	
Kingston upon Thames	-2.5	34	-0.5	47	0.4
Lambeth Pension Fund	2.6	9	0.4	7	
Lewisham Pension Fund	2.0	16			
Merton Pension Fund	-5.5	63			
Newham Pension Fund	-7.1	78	-1.9	93	
Northamptonshire Pension Fund	-8.4	91	-1.2	75	1.0
Orkney Islands Pension Fund	-8.2	88	-0.6	61	1.5
					6

DIVERSIFIED GROWTH PERFORMANCE

	1 Year		3 Yrs (% p.a.)		5 Yrs (% p.a.)	
		Rank		Rank		Rank
Universe average	-5.2		-1.1		0.2	
Range of Results						
Top Quartile	1.2		-0.1		0.9	
Median	-5.3		-0.5		0.4	
Bottom Quartile	-6.6		-1.2		0.0	
Oxfordshire Pension Fund	-5.5	63	-0.1	29	0.2	72
Southwark Pension Fund	-2.9	38				
Surrey Pension Fund	-2.1	28	-0.6	57	-0.3	83
Sutton Pension Fund	-5.7	66	-0.9	72		
Torfaen (Gwent)Pension Fund	2.0	13	-0.4	36		
Tower Hamlets Pension Fund	-2.9	41	-0.5	54	1.7	1
Wandsworth & Richmond Fund	-9.8	97	-1.8	89		

ASSET ALLOCATION AT END MARCH

	Diversified													
	Equity		Bonds		Alternatives		Property		Cash		Growth		Other*	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Average	51	55	21	19	13	11	9	9	2	3	3	3	2020	2019
Range														
Top Quartile	61	65	25	22	17	14	11	10	2	2	11	11		
Median	54	53	19	15	9	7	9	8	1	1	4	4		
Bottom Quartile	43	42	12	11	4	0	6	5	0	0	0	0		

* 'Other' value is removed prior to Universe allocation by asset type being calculated

Avon Pension Fund	44	41	17	23	14	12	10	9	1	1	13	12	1	1
Barking and Dagenham	49	53	10	10	17	14	6	6	0	0	17	17	0	0
Barnet Pension Fund	41	39	34	31	7	5	2	0	0	1	15	23	0	0
Bexley Pension Fund	41	44	21	21	17	15	12	11	0	0	10	9	0	0
Brent Pension Fund	49	53	15	13	10	11	0	0	6	3	19	20	0	0
Bromley Pension Fund	63	63	32	32	0	0	5	5	0	0	0	0	0	0
Cambridgeshire Pension Fund	60	68	10	10	18	13	10	8	0	1	0	0	1	1
Camden Pension Fund	60	66	11	10	3	2	12	11	0	0	14	10	0	0
Cardiff & Glamorgan Pension Fund	57	61	29	27	4	4	8	7	1	2	0	0	0	0
City of London Corporation Pension Fund	61	68	6	7	27	25	6	0	0	0	0	0	0	0
Cornwall Pension Fund	31	33	25	26	25	21	7	8	1	1	11	11	0	0
Cumbria Pension Fund	33	55	30	21	31	18	6	5	0	0	0	0	0	0
Devon Pension Fund	56	60	13	11	7	5	9	9	1	1	13	14	0	0
Dyfed Pension Fund	68	71	16	16	2	0	14	13	0	0	0	0	0	0
Ealing Pension Fund	56	58	28	25	1	0	11	10	4	6	0	0	0	0
East Riding Pension Fund	59	59	12	13	14	14	12	11	3	3	0	0	0	0
East Sussex Pension Fund	38	42	11	10	40	37	10	10	1	2	0	0	0	0
Enfield Pension Fund	37	39	31	29	22	21	7	6	4	5	0	0	0	0
Flintshire (Clywd)	13	14	30	35	40	34	7	7	1	0	9	9	0	0
Gloucestershire Pension Fund	60	64	23	22	4	2	9	9	1	0	4	3	0	0
Greater Manchester Pension Fund	47	54	22	19	19	14	8	8	4	4	0	0	0	0
Greenwich Pension Fund	50	53	19	18	9	9	12	11	0	1	10	9	0	0
Gwynedd Pension Fund	66	70	15	14	9	7	10	9	0	0	0	0	0	0
Hackney Pension Fund	54	57	25	22	0	0	11	10	0	0	11	11	0	0

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth		Other*	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Average	51	55	21	19	13	11	9	9	2	3	3	3	2020	2019
Range														
Top Quartile	61	65	25	22	17	14	11	10	2	2	11	11		
Median	54	53	19	15	9	7	9	8	1	1	4	4		
Bottom Quartile	43	42	12	11	4	0	6	5	0	0	0	0		

* 'Other' value is removed prior to Universe allocation by asset type being calculated

Hammersmith and Fulham	43	48	31	20	6	5	6	5	0	9	14	12	0	0
Haringey Pension Fund	43	62	27	12	9	7	11	7	0	0	10	11	0	0
Harrow Pension Fund	51	55	25	13	1	1	8	8	4	1	12	22	0	0
Havering Pension Fund	36	37	20	19	6	5	10	8	4	2	25	30	0	0
Hillingdon Pension Fund	44	46	25	20	18	21	13	12	1	1	0	0	0	0
Hounslow Pension Fund	60	43	16	8	15	15	5	5	0	0	4	4	0	26
Isle of Wight Pension Fund	55	62	21	19	0	0	6	6	0	0	17	14	0	0
Islington Pension Fund	52	56	12	12	7	5	20	19	1	1	8	8	0	0
Kensington and Chelsea	66	67	0	0	15	14	4	4	14	15	0	0	0	0
Kent Pension Fund	58	66	14	10	11	10	13	12	3	2	0	0	0	0
Kingston upon Thames	64	61	13	12	0	0	5	5	0	0	18	21	0	0
Lambeth Pension Fund	42	43	33	27	5	4	9	9	4	0	6	14	2	3
Lancashire Pension Fund	41	45	17	22	24	21	15	11	3	2	0	0	0	0
Lewisham Pension Fund	49	50	19	20	17	16	9	9	0	0	6	5	0	0
Lincolnshire Pension Fund	59	63	12	12	19	14	10	11	1	0	0	0	0	0
Merseyside Pension Fund	45	51	20	16	24	22	10	9	1	1	0	0	0	1
Merton Pension Fund	57	63	22	22	8	1	4	3	1	2	9	9	0	0
Newham Pension Fund	43	50	27	23	8	7	12	11	3	3	6	7	0	0
Northamptonshire Pension Fund	54	61	18	16	6	2	10	8	0	0	11	12	0	0
Orkney Islands Pension Fund	63	63	12	11	0	0	0	0	0	0	25	26	0	0
Oxfordshire Pension Fund	54	58	22	20	9	8	7	7	1	3	6	5	0	0
Powys Pension Fund	39	49	36	28	13	12	10	10	1	1	0	0	2	0
Redbridge Pension Fund	68	70	22	20	0	0	9	9	1	0	0	0	0	0
Rhondda Cynon Taf Pension Fund	64	67	27	25	0	0	9	8	0	0	0	0	0	0

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth		Other*	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Average	51	55	21	19	13	11	9	9	2	3	3	3	2020	2019
Range														
Top Quartile	61	65	25	22	17	14	11	10	2	2	11	11		
Median	54	53	19	15	9	7	9	8	1	1	4	4		
Bottom Quartile	43	42	12	11	4	0	6	5	0	0	0	0		

* 'Other' value is removed prior to Universe allocation by asset type being calculated

South Yorkshire Pension Authority	49	51	19	23	18	13	10	9	2	3	0	0	2	0
Southwark Pension Fund	63	64	8	8	2	0	17	18	0	0	10	10	0	0
Strathclyde Pension Fund	47	51	29	26	9	8	12	11	2	4	0	0	0	0
Suffolk Pension Fund	21	44	12	16	28	30	10	10	1	0	0	0	28	0
Surrey Pension Fund	62	65	12	12	9	7	8	7	-1	0	11	10	0	0
Sutton Pension Fund	53	55	21	20	4	3	8	8	0	0	13	13	0	0
Swansea Pension Fund	70	73	12	11	10	7	5	5	2	3	0	0	1	0
Torfaen (Gwent)Pension Fund	69	76	19	15	6	5	3	2	1	1	2	2	0	0
Tower Hamlets Pension Fund	40	44	17	17	0	0	10	10	0	10	19	17	13	2
Waltham Forest Pension Fund	59	66	0	11	12	12	10	10	1	2	0	0	18	0
West Yorkshire Pension Fund	62	66	17	15	14	12	5	5	2	2	0	0	0	0
Westminster Pension Fund	65	67	23	22	2	0	10	10	2	1	0	0	0	0
Wandsworth & Richmond Fund	44	45	24	20	6	1	5	4	1	1	3	3	18	27



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MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT COMMITTEE HELD ON THURSDAY, 27TH FEBRUARY, 2020

MEMBERS: Councillors Tim Leaver (Chair), Yasemin Brett, Doug Taylor and Terence Neville OBE JP

Officers:

Bola, Tobun, Finance Manager, Pensions & Treasury

Fay Hammond, Executive Director of Resources

Matt Bowmer, Director of Finance

Gareth Robinson, Head of Corporate Finance

Clare Bryant, Senior Governance Officer

Also Attending:

Daniel Carpenter, AON

Ben Yeoh and Mohammed Khan, RBC

11. WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting and introductions were made.

Apologies for absence were received from Councillors Claire Stewart and Ergun Eren.

12. DECLARATION OF INTERESTS

Councillor Tim Leaver declared a non-pecuniary interest as a director of Housing Gateway.

Councillor Yasemin Brett declared a non-pecuniary interest as she family members working in the pensions industry.

Councillor Terry Neville declared a non-pecuniary interest as a member of the Westminster Council Pension Board and with a family member as Director of a Hedge Fund.

Carolan Dobson declared interests as a non-executive director of the London Collective Investment Vehicle, Aberdeen Standard Fund Managers Ltd and M +G Securities Ltd.

13. MINUTES FROM THE LAST MEETING

It was agreed that the minutes of the previous meeting on 21 November 2019 would go to the next meeting to be approved.

PENSION POLICY & INVESTMENT COMMITTEE - 27.2.2020

14. STANDING ITEMS

a. Pensions Board Feedback

The Committee received a verbal update on the Pensions Board feedback from the Pensions & Treasury Finance Manager. The Pensions & Treasury Finance Manager raised concerns from the Pensions Board that the Board had not seen the funding statement before it was sent to employers.

During the discussion the following key points were raised:

- The Pensions Board are invited to attend all meetings of the PPIC and it would be beneficial for a representative from the Board to attend and provide their feedback.
- There is a need for the PPIC and the Pensions Board to have a clear understanding of each others roles ensuring the Pensions Board do not feel ignored.
- A member asked whether it was possible for a flow chart to be created to show how decisions are made by the Board, but it was agreed this could be done by dialogue.

AGREED:

1. That the Chair, or Member of the PPIC, should attend the Pensions Board.

b. Risk Management Policy and Register

NOTED:

1. The report and Risk Register

AGREED:

1. The new risk set out in the report to be included in the Risk Register.
2. That an additional risk should be added to include flu-like pandemics such as the coronavirus.
3. That the Risk Register should be reviewed annually and will come to future meetings simply for noting.

15. RBC SUSTAINABLE EQUITY FUND

The Committee received a presentation from Ben Yeoh, Senior Portfolio Manager and Mohammed Khan, Head of Consultant Relations, RBC.

During the presentation RBC made the following key points about the Sustainable Global Equity (SGE) Strategy:

- It is supported by teams with specific areas of focus;
- Returns are defined by stock picking;
- The SGE Strategy has a low correlation of excess returns;

PENSION POLICY & INVESTMENT COMMITTEE - 27.2.2020

- Focuses on companies investing in the future;
- RBC look at all the strengths and weaknesses across sectors and invest in the positive;
- The London CIV (LCIV) will exclude fossil fuel and weapons and the LCIV already does not invest in tobacco;
- Authorities within the LCIV which have differing views can set up segregated funds although there are additional fees and charges to consider
- RBC try to help companies improve their supply chain audits

16. INVESTMENT STRATEGY REVIEW PLAN WITH ESG CONSIDERATIONS

The Pensions & Treasury Finance Manager spoke to the report and went through the recommendations. She highlighted that AON are doing evaluations on what investments will be based on sustainable investment and that the investment strategy will look into these areas.

NOTED:

1. AON's case for an Investment Strategy Review attached at Appendix 3 of the report

AGREED:

1. The draft Investment Beliefs for Enfield Pension Fund attached at Appendix 1 of the report.
2. To delegate authority to the Director of Finance in consultation with the Committee to publish the revised ISS once it is updated with the approved strategy changes and approved Investment Beliefs
3. To hold an informal meeting to discuss the Investment Strategy and the September 2020 meeting of the Committee will consider what an implementation strategy will look like.
4. To consider and approve moving all the Fund's passive equity exposure to track a Low Carbon Index Strategy.
5. The option for an initial active investment of approximately 5% of the Fund total assets in a sustainable or fossil fuel free global equity mandate and another 5% of the Fund total assets to be considered for a renewable energy/clean energy funds

ACTION: The Pensions & Treasury Finance Manager to circulate cost estimates on the above recommendation.

6. To maintain the Fund's current engagement activities which the Local Authority Pension Fund Forum carry out on behalf of the Fund
7. To initiate a programme where the Fund could engage with investee companies on ESG issues.
8. To set 2- and 5-year targets to reduce the carbon footprint of the Fund;
9. To monitor carbon risk annually by using a specialist contractor to conduct and assess the progress being made against the Fund's target to reduce the exposure to future CO2 emissions.

ACTION: TruCost to attend a future meeting

10. To monitor carbon risk annually by using a specialist contractor to conduct and assess the progress being made against the Fund's target to reduce the exposure to future CO2 emissions.

17. QUARTERLY PERFORMANCE REPORT

The Committee received the Quarterly Performance Report from the Pensions and Treasury Finance Manager. The Pensions and Treasury Finance Manager highlighted that the funds remain the same compared to the benchmark and that the report contained the detail of the performance of each portfolio.

Councillor Taylor asked about the impact of illness and pandemics on the market. Daniel Carpenter, AON, explained that these can cause turbulence, but they are not expecting any issues to continue.

NOTED:

1. The report.

AGREED:

1. That in order to avoid duplication the next Quarterly Performance Report to come to the Committee should contain:
 - How much the fund is worth;
 - A rolling 12-month update;
 - The last quarter update;
 - A one-page summary.

18. LCIV (LONDON COLLECTIVE INVESTMENT VEHICLE) QUARTERLY UPDATE

The Committee received the report on the London Collective Investment Vehicle (LCIV) Quarterly update.

The Pensions and Treasury Finance Manager informed the Committee it is officer's recommendation to not sign the recharge agreement but asked the Committee to approve the guarantee.

Members raised concerns around the governance of the LCIV and the risk that signing an unlimited liability. Members were informed that the liabilities are a risk which may not materialise.

NOTED:

1. The contents of the report.

AGREED:

1. To delegate to the Chief Finance Officer and the Monitoring Officer, in consultation with the Committee, to review and agree suitable terms and conditions for Enfield Pension Fund and the Council regarding the LCIV Pension Cost Recharge Agreement and LCIV Pension Guarantee Agreement (for the City of London)

PENSION POLICY & INVESTMENT COMMITTEE - 27.2.2020

2. To approve that the agreements be signed when and if the officers are satisfied that these conditions have been achieved in consultation with the Chair and Vice Chair of the Committee.

19. PROCEDURES FOR RECORDING AND REPORTING BREACHES OF THE LAW

The Committee received the report on procedures for recording and reporting breaches of the law.

NOTED:

1. The contents of the report and its appendices.

AGREED:

1. The Enfield Pension Fund Procedure for Recording and Reporting Breaches attached to the report as Appendix 2.

20. CONFLICT OF INTEREST POLICY

The Committee received the report on the Conflict of Interest Policy

NOTED:

1. The report and its appendices

AGREED:

1. The Enfield Pension Fund Conflict of Interest Policy attached to the report.
2. The Committee agreed to complete the declaration of interest, attached at Appendix 2, of the report in respect of their positions as members of the Committee.

ACTION: All members to complete.

21. TRAINING AND DEVELOPMENT POLICY, MEMBER TRAINING NEEDS ANALYSIS AND TRAINING RECORD LOG

The Committee received the report on Enfield Pension Fund Training and Development Policy.

NOTED:

1. The assessment and training resources provided by the Pensions Regulator.
2. The adoption of the CIPFA Local Pensions Boards Technical Knowledge and Skills framework including the self-assessment matrix.
3. The programme for 2019/20 set out within the report.
4. The contents of the training and development policy attached as Appendix 3 of the report including the Training Record Log For 2019/20.

PENSION POLICY & INVESTMENT COMMITTEE - 27.2.2020

22. ENFIELD PENSION FUND BUSINESS PLAN AND PPIC WORK PLAN FOR 2020/21

The Committee received the report on the Enfield Pension Fund Business Plan and PPIC work plan for 2020/21.

During the discussion it was proposed that the Committee see three to four fund portfolio managers outside of the formal meetings of the Committee and that their presentations should be circulated to the Committee prior to the meeting.

NOTED:

1. The contents of the report.
2. The Business Plan attached at Appendix 1 of the report.

AGREED:

1. The work plan for 2020/21 attached at Appendix 2 of the report.

23. FINAL 2019 TRIENNIAL VALUATION RESULTS

The Committee received the report, Final 2019 Triennial Valuation Results and Funding Strategy Statement.

AGREED:

1. The final results of the triennial actuarial valuation attached at Appendix 1 of the report.
2. The Funding Strategy Statement of Enfield Pension Fund attached at Appendix 2 of the report.

24. UPDATE ON INTERIM AUDIT

Gareth Robinson, Head of Corporate Finance, provided a verbal update on the Internal Audit. The following key points were raised:

- The audit focuses on pension liability and investment fees;
- There have been no issues in the interim audit;
- The main audit is more aggressive with its calculation and work will be done to ensure the Council achieve its targets;
- The Pensions Fund is working

Councillor Leaver recognised the stresses audits can cause officers and asked for the accounts to go to the June 2020 meeting of the Committee.

25. PROCUREMENT OF SERVICES

The Pensions and Treasury Finance Manager informed the Committee that there will be a presentation from the shortlist of tenders of potential services providers.

PENSION POLICY & INVESTMENT COMMITTEE - 27.2.2020

ACTION: Pensions and Treasury Finance Manager to circulate details of the arrangements to the Committee.

26. DATES OF FUTURE MEETINGS

The Committee noted the dates of future meetings as set out in the agenda.

The Committee agreed it would be beneficial for the Committee to meet an additional two times a year.

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**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON THURSDAY, 23 JULY 2020**

MEMBERS: Tim Leaver (Chair), Claire Stewart, Ergun Eren, Doug Taylor, Derek Levy & Terence Neville OBE JP.

OFFICERS: Bola Tobun, Finance Manager, Pensions & Treasury
Fay Hammond, Executive Director of Resources
Penelope Williams, Governance & Scrutiny
Metin Halil, Governance & Scrutiny
Elaine Huckell, Governance & Scrutiny Secretary

Also Attending: Councillor Oykener (Local Pension Board)
Daniel Carpenter, AON
Jo Peach, AON

1

WELCOME AND INTRODUCTION

Councillor Tim Leaver welcomed everyone to the virtual meeting which was the first meeting to be held since February. He gave a special welcome to Derek Levy who was a new member to the Committee.

Apologies for absence had been received from Matt Bowmer (Director of Finance) and Carolan Dobson (Independent Advisor)

Daniel Carpenter and Jo Peach were attending from AON and it was noted that their link was for audio only. It was hoped that in future it would be possible for them to view the meetings.

Attention was drawn to the need for the agenda to be circulated in good time to allow members to view all papers prior to the meeting. They must be circulated within 5 working days of the Committee meeting taking place.

2

DECLARATIONS OF INTERESTS

Councillor Oykener declared a non-pecuniary interest as his sister works for the Council.

3

MINUTES FROM THE LAST MEETING

AGREED

The minutes of the meeting of 27 February 2020 were agreed.

Under the 'Declaration of Interests' for the last meeting it was stated that Councillor Neville had declared a non-pecuniary interest that a family member

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

was a Director of a Hedge Fund. Councillor Neville clarified that this referred to his son-in -law.

4

INTERIM INVESTMENT STRATEGY STATEMENT

The Pensions & Treasury Finance Manager introduced this item she spoke to the report which set out a revised timetable for the development of the Fund's 2020 Investment Strategy following the 2019 actuarial valuation.

She highlighted the Investment Strategy Review Timetable shown at Appendix Y of the report.

It was noted that one of the proposals was to consider and approve that the fund reduce its total equity portfolio relative exposure to future emissions from fossil fuel reserves (measured in MtCO₂e – million tonnes of CO₂ emissions) by 50% in over the next 5 years (September 2025).

Councillor Taylor asked why it was decided to use the targets 50% in 5 years? How was this set of metrics arrived at?

The Pensions & Treasury Finance Manager said it takes time for levels to be reached, for example the LB Hackney have been going through a similar change and after a 3 year period an audit showed that a 40% reduction had been achieved.

She said she thought the targets proposed were achievable and a table could be prepared for the next meeting to show how various funds are progressing. Some local authorities had looked to make similar changes but had not been able to reach the zero- carbon target they had hoped for.

Following discussions, it was agreed that there was a need to determine whether targets /timeframe were reasonable and if targets were 'stretching enough'

Councillor Neville said any costs to the fund to enable ESG targets to be met should be clearly set out. It was noted that our 'investment beliefs' were still under discussion. He asked if there were any other material changes to the statement apart from ESG issues and had they been run by AON. It was noted this had not happened as it was an interim report.

The Chair summarised that this is a strategy and not a map, we would need to have an understanding of the costs involved when we modify the portfolio. The ESG is informing our decision in the same way that a portfolio switch would do between classes, it is difficult to show this until we make the changes.

These could be considered to be arbitrary targets, we need to have a review mechanism – reviewed on a six- monthly basis by the Committee and giving costs involved. Comparability figures for other funds and schemes should be provided to help in this process.

AGREED

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

- 1) Noted the timetable for development of the 2020 investment strategy attached as Appendix Y to the report;
- 2) That the fund reduce its total equity portfolio relative exposure to future emissions from fossil fuel reserves (measured in MtCO₂e – million tonnes of CO₂ emissions) by 50% in over the next 5 years. (September 2025);
- 3) To approve the fund measure the reduction relative to the Fund's total equity portfolio position as at 30 September 2019 and adjusted for Assets Under Management (£AUM);
- 4) To approve the interim Investment Strategy Statement (ISS) attached as Appendix Z of the report
- 5) Targets would be reviewed at the next Pension Policy & Investment Committee meeting in September using comparability to other funds and schemes. Targets would thereafter be reviewed on a six-monthly basis by the Committee.

5

DRAFT PENSION FUND ACCOUNTS 2019/20

The Committee received the draft Pension Fund Year End Financial Statements for 2019/20 from the Pensions and Treasury Finance Manager.

The Pensions and Treasury Finance Manager highlighted that we were waiting for auditors' approval but that currently no contentious issues had been raised.

Figures given in the report show the Enfield Pension Fund ranking and returns. The update position at the end of March 2020 indicated a weakened funding level position of 96% however due to market volatility this had 'bounced back' by the end of June 2020 and would now be considered to be at approximately 101% to 103% funding level.

Councillor Neville suggested that it would be helpful if future reports could focus on those areas where there were differences/ variances and provide a brief note on each.

Councillor Taylor drew attention to two amendments to be made relating to Note 25 in the Pension Fund Accounts -2019/20 – under 'Governance' it states that Enfield Council has decided that councillors should not be allowed to join the LGPS scheme. Cllr Taylor pointed out that this is the statutory, national position. He also mentioned that he was no longer a Governor of Capel Manor, a scheduled body.

NOTED

1. The contents of the report

AGREED

1. The Committee noted and considered the draft Pension Fund Financial Statements for 2019/20
2. The Committee noted the Enfield Pension Fund ranking and returns as prepared and produced by PIRC (Pensions & Investment Research

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

Consultants Ltd) UK Local Authority League table for 2019/20, set in section 25 to 28 and appendix B of the report.

The Chair thanked Fay Hammond and her team for their achievements in providing end of year figures in the current circumstances and said he awaits the final sign-off re the Pension Fund Accounts.

6

QUARTERLY PERFORMANCE REPORT - 31 MARCH 2020

The Committee received the Quarterly Performance Report from the Pensions and Treasury Finance Manager.

The Pensions and Treasury Finance Manager highlighted that at the end of March 2020 the Fund stood at £1,169m which was a reduction of £94m from its value of £1,263m as at 31 December 2019. However, by the end of June the position of the fund is £1,266m and has returned to its position as of December 2019.

Councillor Levy voiced his concerns about the high level of cash in the Fund and also on the performance levels of the London Collective Investment Vehicle (LCIV) , (item 8 on the agenda).

NOTED

1. The report

7

KEY DEVELOPMENTS, ECONOMIC AND MARKET OUTLOOK

The Committee received a presentation from Daniel Carpenter and Jo Peach from AON.

The presentation 'Market Update and June Valuation' highlighted market reactions as a result of the pandemic including Equities, Bond yields etc and looked at future economic prospects. It gave the latest valuation of our fund assets as at the end of June 2020. An Equity Manager Update was given on Baillie Gifford and Longview. It also provided an update on the Lansdowne Developed Market Fund.

The following key points made

- Markets have bounced back sharply recovering bulk of its losses since the start of the pandemic – unprecedented fiscal and monetary stimulus measures boosted
- Sustainable gains from here look more difficult with valuations looking stretched
- Market appreciation has ruled out scope to add to equity portfolios
- Diversification has paid off during volatile market conditions AON believe it retains an important role in portfolios given the degree of market uncertainty.

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

Councillor Leaver spoke about the need for caution when facing a potential second wave of the pandemic.

Councillor Taylor spoke about previous expressed concerns from Councillor Levy about the high cash levels in the Fund and whether AON had advice on moving this in the short term.

They responded that there were challenges in terms of cash being at a higher level than normal. We should be mindful that we are still drawing down proceeds to fund mandates over the course of this year. Also there is an upcoming investment strategy review which would look at this. In this environment of increased market volatility need to look at capital preservation for example investing in absolute return bonds or looking at areas such as multi asset credit.

8

LONDON COLLECTIVE INVESTMENT VEHICLE (LCIV) QUARTERLY UPDATE

The Pensions & Treasury Finance Manager presented a report which provided a summary of London Collective Investment Vehicle (CIV) an update of the Company's first Annual Review and the Statutory Report and Financial Statements for the year to 31 March 2020.

NOTED

1. The contents of the report

9

LOCAL GOVERNMENT PENSION SCHEME LATEST DEVELOPMENTS AND UPDATE

The Pensions & Treasury Finance Manager presented a report on the Local Government Pension Scheme Latest Developments and highlighted the following:

- McCloud case – MHCLG consultation proposals
- Impact of Covid 19 and consideration for funds
- Increased cyber risks
- RPI consultation
- Supreme court decision on LGPS

NOTED

1. The report

10

REVIEW OF ENFIELD PENSION FUND BUSINESS PLAN, BUDGET AND PPIC WORK PLAN FOR 2020/21

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

The committee received this report which reviews the business plan for the Pension fund and presents the budget for the Pension fund for 2020/ 21 along with the outturn for 2019/20.

The Pensions and Treasury Finance Manager highlighted the budget set for next year and the business plan including more workshops to be held on ESG issues. She said the AGM will need to be scheduled in for the end of the year.

Councillor Taylor drew attention to the Business Plan, he understands London CIV have provided local authorities with a schedule of costs and charges which would be useful for members to see, he said some areas were contentious regarding implicit charges. Useful to see how charges calculated. The Pensions and Treasury Finance Manager would arrange for this to be provided.

It had previously been requested that an additional two meetings of the committee be held during the year to allow for shorter meetings. The Pensions and Treasury Finance Manager would discuss this with the Governance team.

Councillor Leaver highlighted

- The need to reforecast our accounts and provide an update for the November/ December meeting. We may need to look at liquidity issues at this time.
- It was necessary to ensure the training opportunities, for example in relation to ESG issues, go ahead.
- Work is needed with the Pension Board to ensure that an AGM goes ahead preferably in November/ December to engage with pension fund members.

AGREED

1. Noted and approved the Business Plan attached as Appendix 1 of the report
2. Noted and approved the revised work plan for 2020/21 attached as Appendix 2 and
3. Noted and approved the Revenue Budget for 2020/21 attached as Appendix 3
4. London CIV schedule of costs and charges to be made available to members

11

REVIEW TRAINING AND DEVELOPMENT POLICY, MEMBER TRAINING NEEDS ANALYSIS AND TRAINING RECORD LOG

AGREED

This item to be postponed to the next meeting.

12

PENSION POLICY & INVESTMENT COMMITTEE - 23.7.2020

PROCUREMENT OF SERVICES UPDATE

The Pensions & Treasury Finance Manager updated the Committee

AGREED

That the procurement process should continue

13

ANY OTHER BUSINESS

Councillor Neville expressed his concern about Property – the closure of high street shops will have an effect on values and the increased prevalence of working from home may mean that office/ commercial values may drop – we need to be mindful of this as he thought approximately 10% of our assets are in property he asked AON representative for his thoughts on this.

He answered that he shared Councillor Neville's concerns regarding real estate values frozen at the moment with a lag in commercial property values . Also income from rents reducing, in the longer term property still has a role to play but in the short term may be problems and would not suggest an increase in property assets at present.

14

DATES OF FUTURE MEETINGS

It was suggested that the date of the next meeting of the Committee take place on Thursday 17 September 2020 at 9.30am.

The following meeting to be held Thursday 26 November 2020

Dates for meetings for the remainder of the Municipal year to be reviewed to allow for additional meeting.

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