



Bola Tobun
Finance Manager (Pensions & Treasury)
Direct: 020 8132 1588
e-mail: bola.tobun@enfield.gov.uk

LOCAL PENSION BOARD

Wednesday, 3rd March, 2021 at 10.00 am in the Virtual- Microsoft Teams Meeting

PLEASE NOTE : VIRTUAL MEETING

Please click [HERE](#) to view the meeting or copy and paste the link below into your web browser: https://teams.microsoft.com/l/meetup-join/19%3ameeting_YjkzODhIMDItMWE1ZC00MDIILWE3ZjktYzI3MzUxMmQzNzI5%40thread.v2/0?context=%7b%22Tid%22%3a%22cc18b91d-1bb2-4d9b-ac76-7a4447488d49%22%2c%22Oid%22%3a%22de181320-9e9a-429c-a8db-b37ae5b5ded1%22%2c%22IsBroadcastMeeting%22%3a%22true%22%7d

Membership:

Councillors : Sinan Boztas, Ahmet Oykenner, Andy Milne,

Pauline Kettless (Employee Side); Paul Bishop (Employee Side); Tracy Adnan (Employee Side); Victor Ktorakis (Employee Side); Alison Cannur (Employer Side)

AGENDA – PART 1

- 1. WELCOME & APOLOGIES**
- 2. DECLARATIONS OF INTEREST**

Members of the Council are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to the items on the agenda.

- 3. MINUTES OF THE MEETING HELD ON 2 DECEMBER 2020** (Pages 1 - 4)

To agree the minutes of the Local Pension Board meeting held on 2 December 2020.

4. PENSION ADMINISTRATION PERFORMANCE & UPDATE AND LGPS UPDATE (Pages 5 - 20)

To receive the report on the pension administration performance, and the LGPS update from Tim O'Connor, Pensions Manager.

5. LCIV UPDATE

To receive a verbal update on the LCIV from Bola Tobun, Finance Manager (Pensions & Treasury).

6. NATIONAL GUIDANCE AND REQUIREMENTS ON GOVERNANCE (Pages 21 - 46)

To receive the report on national guidance and requirements on governance from Bola Tobun, Finance Manager (Pensions & Treasury).

7. PENSION BOARD WORK PLAN (Pages 47 - 72)

To receive the report on the Pension Board work plan from Bola Tobun, Finance Manager (Pensions & Treasury).

8. PENSION FUND RISK REGISTER (Pages 73 - 130)

To receive the Pension Fund Risk Register from Bola Tobun, Finance Manager (Pensions & Treasury).

9. VERBAL UPDATE ON PROCUREMENT

To receive a verbal update from Bola Tobun, Finance Manager (Pensions & Treasury) on procurement.

10. PENSION POLICY & INVESTMENT COMMITTEE MINUTE / VERBAL UPDATE ON 28 JANUARY 2021 (Pages 131 - 138)

To note the minutes of the previous meeting of the Pension Policy & Investment Committee.

11. ANY OTHER BUSINESS

LOCAL PENSION BOARD - 2.12.2020**MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON WEDNESDAY, 2ND DECEMBER, 2020****MEMBERS:**

Councillor Ahmet Oykenner (Employer Nominated Member)
(Chair) Pauline Kettless (Employee Nominated Member – Retired)
Paul Bishop (Employee Nominated Member – Active)
Tracey Adnan (Employee Nominated Member – Active)
Alison Cannur (Employer Nominated Member)

Officers:

Bola Tobun (Finance Manager), Tim O'Connor (Pensions Manager), Julie Barker (Head of Exchequer Services) and Jane Creer and Clare Bryant (Governance Team)

Also Attending: Neil Sellstrom, PIRC

1. WELCOME & APOLOGIES

Local Pension Board members were welcomed to the virtual MS Teams meeting.

Apologies for absence were received from Victor Ktorakis (Employee Nominated Member – Admitted Body).

2. DECLARATIONS OF INTEREST (5 MINUTES) CHAIR

Pauline Kettless declared a non-pecuniary interest being in receipt of an Enfield Local Government pension.

3. MINUTES OF THE MEETING HELD 30 SEPTEMBER 2020 (5 MINUTES) CHAIR

The minutes of the meeting of 30 September 2020 were agreed.

Matters arising:

- A reminder in respect of Enfield Pension Board work programme, to review and email any comments to Bola Tobun, and to complete and send back the form in respect of training.
- The minutes of recent Pension Policy and Investment Committee meetings were to be circulated to committee members.

ACTION: Governance Team

4. LONDON AUTHORITY PENSION PERFORMANCE UPDATE PIRC PRESENTATION (30 MINUTES) NEIL SELLSTROM NO PAPERS

LOCAL PENSION BOARD - 2.12.2020

RECEIVED a presentation from Neil Sellstrom, PIRC.

Data had been collected from 63 LGPS funds, allowing a report back on performance compared to peers.

Results from the 2019/20 financial year were shown. Enfield results were above the average.

Enfield's fund asset allocation, latest year performance, longer term performance relative to Universe, risk and return over the last ten years and over the last five years were presented.

If members wanted more detail, the local authority pension performance analytics annual review was available, as well as a separate report in respect of London.

ACTION: The presentation and reports to be forwarded and circulated to members via Bola Tobun

5. ADMINISTRATION RISK REGISTER (10 MINUTES) TIM O'CONNOR

RECEIVED the Pension Administration Risk Register, introduced by Tim O'Connor.

A number of items were due for review in January, to be carried out by senior officers.

It was recommended that the administration risk register be included as a standing agenda item for Local Pension Board meetings.

ACTION: Bola Tobun

A risk register would also be produced for the investment side.

Local Pension Board noted the contents of the update.

6. PENSION ADMINISTRATION PERFORMANCE & UPDATE AND LOCAL GOVERNMENT PENSIONS SCHEME (LGPS) UPDATE (15 MINUTES) TIM O'CONNOR

RECEIVED the three update reports on current pension issues and in particular the £95k Exit Cap and McCloud developments, introduced by Tim O'Connor:

Since August, the Pensions Team had been signed up to 'Tell Us Once' in respect of death notifications, which was quicker and good governance.

Updates including on staffing, Guaranteed Minimum Pension (GMP), Government confirmed intention to increase in minimum pension age, and Team Performance were highlighted.

LOCAL PENSION BOARD - 2.12.2020

Links to additional supporting papers were provided at the end of each report.

In response to members' queries, further details were provided on the £95k Exit Cap and the current legal challenges, and more regulations expected in the new year.

Local Pension Board noted the contents of the updates.

7. REPORTING BREACHES (10 MINUTES) BOLA TOBUN

RECEIVED the report Procedure for Recording and Reporting Breaches, introduced by Bola Tobun.

It was useful for the Board to be familiar with relevant policies.

Local Pension Board (i) noted the contents of the report and the attached Appendix 1; and (ii) noted the Enfield Pension Fund Procedure for Recording and Reporting Breaches at Appendix 2.

8. LONDON COLLECTIVE INVESTMENT FUND (LCIV) (10 MINUTES) BOLA TOBUN

RECEIVED the report London Collective Investment Vehicle (CIV) Update, introduced by Bola Tobun.

Enfield was part of London CIV and an update was reported quarterly.

Officers would continue to monitor and evaluate the new products.

Local Pension Board noted the content of the report.

9. DISCUSSION - COST TRANSPARENCY (10 MINUTES) BOLA TOBUN

RECEIVED a verbal update from Bola Tobun.

Fund managers had been asked to provide transparent information on charges. This was not yet complete as some managers were not yet registered on the platform. The same template was provided to each manager to gather information and enable like for like comparison.

There had been difficulties using the template if funds were Euro or Dollar dominated, but this obstacle was now being overcome, which would then allow reporting to the Local Pension Board and the Pension Policy and Investment Committee.

10. PRESENTATION ON PENSION POLICY AND INVESTMENT COMMITTEE ESG CONSIDERATIONS UPDATE (10 MINUTES) BOLA TOBUN

Due to time pressure this item was deferred to the next Board meeting, with a higher position on the agenda.

LOCAL PENSION BOARD - 2.12.2020

ACTION: Bola Tobun

11. PENSION POLICY AND INVESTMENT COMMITTEE MINUTE / UPDATE 26 NOVEMBER (10 MINUTES) BOLA TOBUN

The minutes were not yet available, but Bola Tobun provided a verbal update.

The Committee had also received a report on London CIV and discussed strategy and management.

Responsible investment had been discussed.

Once the minutes were finalised they would be circulated to Local Pension Board members.

ACTION: Bola Tobun

12. ANY OTHER BUSINESS

1. In response to queries from members, it was advised that the Pension Fund AGM was deferred in the light of difficulties in running a virtual meeting and the resource required. A physical meeting would be preferable and was proposed in 2021. Holding an AGM was good practice, and it could be held up until June or July 2021. Officers would also explore the potential of holding the meeting via Zoom.

2. In response to a request for an update on procurement, it was advised that a report was being prepared for submission to Cabinet. Once finalised, a copy would be circulated to Local Pension Board members.

ACTION: Bola Tobun

3. It was confirmed that the Local Pension Board Chair and Vice Chair to be invited to attend the meetings of Pension Policy and Investment Committee as observers.

ACTION: Governance Team

4. Once signed off by the auditors, the Annual Report would be provided to the Chair.

ACTION: Bola Tobun

13. DATES OF FUTURE MEETINGS

The next meeting of the Board to be held on Wednesday 3 March 2021, 10am.

London Borough of Enfield**Local Pension Board****3rd March 2021**

Subject: Pension Team Update**Cabinet Member: Cllr Maguire****Executive Director: Executive Director Resources**

1. Purpose of Report

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

2. Proposal

Pension Board is recommended to note the contents of this update

3. Reason for Proposal(s)

No actions are required

4. Updates**4.1 95k Exit Cap**

The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4th November 2020. The legislation set a £95k exit cap. After consultation and review the Government concluded that the Cap 'may have had unintended consequences and the regulations should be revoked'.

On the 12th February 2021 the Government issued Exit Payment Cap Directions 2021 which disapply parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect. The Directions do not apply to exit payments made by a devolved Welsh authority although we understand that the Welsh Government will issue similar Directions Shortly.

As the Directions disapply Regulation 3, the Exit Cap no longer applies with effect from 12th February 2021.

For exits from 12th February 2021, LGPS Administering Authorities must pay qualifying scheme members an unreduced pension under Regulation 30(7) of the LGPS 2013 Regulations. Scheme employers will be required to pay full strain costs in relation to unreduced benefits, as notified by the Administering Authority.

HM Treasury has issued guidance on the Directions. The guidance sets out HM Treasury's expectation that employers should pay the additional sums that would be paid had the cap not applied for employees who left between 4th November 2020 and 12th February 2021.

We understand it is government's intention to revoke the regulations, but not retrospectively and to bring forward new legislation to implement the policy.

As a result of this change in policy, Enfield Pension Fund members affected by the 95k exit cap have had revised figures issued. No member is affected by the lack of retrospection of the legislation. For more information on these changes please refer to Appendix 1.

4.2 Member Death Reporting

Following a request from the Scheme Advisory Board, the Pension Team have been assisting with the collection of data relating to fund member deaths to help understand the impact of the COVID-19 on the LGPS. Monthly data, as shown in the chart below has been collated and will be submitted. From November 2020 the data will be submitted on a quarterly basis.

Member Death reporting			
Month	LGPS deaths	Teachers (Compensation Pension) deaths	Total deaths
January 2021	24	1	25
December 2020	20	0	20
November 2020	13	0	13
October 2020	14	0	14
September 2020	10	1	11
August 2020	20	1	21
July 2020	11	1	12
June 2020	15	3	18
May 2020	24	3	27
Total	151	10	161

4.3 Increase to Minimum Pension Age

The Government have confirmed their intention to increase in minimum pension age. The Pension Schemes Bill 2019/2021 has been granted Royal Assent and is now the Pension Schemes Act 2021. HM Treasury have launched a consultation on implementing an increase to the normal minimum pension age from 55 to 57 effective from April 2028. The consultation will close on 22nd April 2021. Please refer to Appendix 2 which has a link to the Pension Schemes Act 2021.

4.4 Good Governance report was published by Hymans

The Local Government Pensions Committee (LGPC) is working with the project team at Hymans Robertson to make recommendations to MHCLG to:

- introduce a set of new regulations and statutory guidance to improve the standards of governance and administration on a more consistent basis across all 87 LGPS administering authorities
- to better ensure that pension teams within administering authorities are sufficiently resourced and financed to achieve the proposed higher standards of governance and administration.

The main proposals include revised scheme regulations and underlying statutory guidance on governance compliance statements; internal and external monitoring and reporting of performance against the new standards; introduction of a new set of national key performance indicators and establishment of a new responsible officer role within administering authorities. For more information please refer to Appendix 3.

4.5 The Pension Schemes Act 2021

The provisions within the Pension Schemes Act 2021 paves the way for legislation which will introduce the following:

- Pensions Dashboards – individuals can view all their pensions in one online secure dashboard.
- New powers for the Pensions Regulator concerning employer debt
- Amendments concerning funding for defined benefit schemes
- Governance relating to climate change investments
- Extra conditions that members must satisfy before they are able to transfer their LGPS benefits to an occupational pension scheme
- Pension protection fund and administration charges.

Further secondary legislation is due to fill in the detail of the extra conditions' members must satisfy before they are able to transfer their LGPS benefits to an occupational pension scheme.

Please refer to Appendix 4 – link to Pensions Dashboard Programme

4.6 AVC Wise – Shared Cost AVC

AVC Wise, facilitators of the Pension Funds Shared cost AVC, recently conducted a number of webinars to provide members with a better understanding of their pension and the benefits of AVC's.

The webinars were extremely well attended resulting in an increase to AVC take up in and an increase in members signing up to use our member self-service portal.

More webinars are being planned.

4.7 Cyber Scorecard

The Pension Team with colleagues from Pension Investment and Digital Services recently completed Aon's cyber scorecard questionnaire which is a free service to assist administering authorities in the fight against the increasing risk of cybercrime. The scorecard will enable administering authorities to benchmark their approach to managing cyber risks against other authorities. We are currently awaiting the results and will report back findings and action plans

4.8 Contribution Bandings

2021/22 employee contribution bands

Below are the employee contribution bands, which will be effective from 1 April 2021. They are calculated by increasing the 2020/21 employee contribution bands by the September 2020 CPI figure of 0.5 per cent and then rounding down the result to the nearest £100.

Table 1: Contribution table England and Wales 2021/22

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,900	5.80%	2.90%
3	£22,901 to £37,200	6.50%	3.25%
4	£37,201 to £47,100	6.80%	3.40%
5	£47,101 to £65,900	8.50%	4.25%
6	£65,901 to £93,400	9.90%	4.95%
7	£93,401 to £110,000	10.50%	5.25%
8	£110,001 to £165,000	11.40%	5.70%
9	£165,001 or more	12.50%	6.25%

4.9 The Risk Register

Copy attached - reviewed and updated as part of an annual review.

4.10 New Ways of Working

The Pensions Team is currently exploring new ways to use technology to meet the needs of members, ensuring best practice and service delivery timescales are met. New, flexible ways of working as a result of the pandemic means that the team need to utilise technology more effectively. On-line Teams meetings, pre-recorded webinars, communicating with members via email and the member self-service portal have been embraced. Further work to improve reporting functionality and further data cleansing initiatives are in the pipeline.

Report Author: **Tim O'Connor**
Pensions Manager
tim.'connor@enfield.gov.uk
020 83798905

Appendices

Appendix No 1: Restrictions of Public Sector Exit Payments: Guidance on the 2020 Regulations:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/961147/Guidance_to_Public_Sector_Exit_Payments.pdf

Appendix no 2: Government confirmed intention to increase in minimum pension age.

<https://www.legislation.gov.uk/ukpga/2021/1/enacted>

Appendix No 3: Good Governance: final report

https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf

Appendix No 4: The Pensions Dashboard update.

<https://www.pensionsdashboardsprogramme.org.uk/2021/02/11/passing-pensions-schemes-bill/>

Background Papers

- Full Key Performance Indicators report for Quarter 3 (01.10.2020 - 31.12.2020)
- Pension Team Risk Register 2021

This page is intentionally left blank

Area	Risk Register	Risk Rating Impact	Likelihood	X	Level of Risk	Project work	Cause of Risk	Risk Owner	Impact	Controls in place	Further action required
Benefits	Processing of Benefits	2	2	4	Low	No	Pension benefits not paid out accurately or at the right time	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	Members identified with reporting controls in place and contacted in time. Benefits are checked by another officer and audit checks in place.	Controls and checks in place to be continued to be reviewed to ensure no errors.
	Overage deferred records not paid	1	4	4	Low	No	Benefits not paid out to eligible members as not claimed by member	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	All identified have been written to but a Tender project to appoint a missing tracing company to find these members required	Tender required to outsource missing members addresses to a tracing agency. Systems Team to identify amount.
	Over 75 benefits not paid - insert figures	1	4	4	Low	No	Benefits not paid out to eligible members	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	Members identified and payroll notified involves low numbers but vigilance required when reporting	Systems team to run future reports for 2021 to identify any future members reaching 75 this year. Missing member address tender required
	AVCs at leaving	1	4	4	Low	No	PF not notifying member of AVCs held so they are either not claimed or forgotten by the member	Pensions Administration Team	member not paid, could cause financial hardship. Also financial and reputational damage to pension fund	Checks are completed and further discussion is due with new client managers at Prudential	Client meeting is being arranged with new client managers.
Projects	Aggregation of benefits - pre and post April 14	2	3	6	Medium	Yes	Failure to offer linking of member services.	Pensions Administration Team	member not notified of benefits. Plus financial and reputational damage to pension fund	Project in place	Historical Members identified - administration team working through both old and new cases as they appear each month
	McCloud review	2	3	6	Medium	Yes	Government lost a test case which resulted in all public sector funds to review their data to ensure no one has lost out	Systems Team	member not paid the correct benefits. Plus financial and reputational damage to pension fund	Systems Team are currently working on identifying members who may be in scope	Ensure new legislation updates are reviewed. Systems Team to contact employers re data retention - esp hours previously held
Projects	Annual Allowance	1	3	3	Low	Yes	All cases identified and notified within timelines	Andreas Andrea	Tax implications for both member and member if incorrectly notified	project team in place - actions left to complete -	Andreas to produce project plan for 2020 and involves Rebecca Moore in delivery
	Lifetime Allowance [INCLUDE PROTECTIONS]	1	3	3	Low	Yes	All processed correctly?	Andreas Andrea	Tax implications for both member and member if incorrectly notified	All complex queries are referred to risk owner	Andreas to produce project plan for 2020 and involves Rebecca Moore in delivery
	Triennial Valuation 2022	1	4	4	Low	Yes	Completion of the administration side of the triennial valuation in a timely manner.	Tim O'Connor	Incorrect benefits paid out. Financial and reputational damage to fund.	project team to be set up nearer the time	Risk owner to outline project timelines along with appropriate stakeholders.
	GMP - HMRC	1	4	4	Low	Yes	All GMP related work to have been completed in line with the closedown of GMP related work at the DWP.	Tim O'Connor	Incorrect data on records leading to incorrect payment. Taking on the responsibility of cases because we have not data cleansed sufficiently.	Project stage is now awaiting response from DWP	none required at present
	ABS	1	3	3	Low	Yes	Sent out correctly and in line with prescribed timescales	Tim O'Connor with support from Systems Team	incorrect statements can lead to members making incorrect financial decisions. Causing reputational damage to the fund.	Project plan in place	Review in March for letters and also include feedback survey
	Workflow aligning with SLAs and all procedures captured	1	4	4	Low	Yes	workflow completion timescales are currently more generous and consequently out of sync with SLA timescales and with disclosure of Regulations timescales this means our KPIs are reporting inaccurate data	Tim O'Connor with support from Systems Team	This could incur fines from the Pensions Regulator. Also impossible to plan resources when KPIs giving a different slant on work completion/outstanding.	Project plan in place	Project to align all the workflows to SLA and Disclosure of Regs timescales, this needs to be documented in test as steps within the workflows.
	Correctly uploading factor tables	1	1	1	Low	No	are the correct factors in place in Altair?	Andreas Andrea	Incorrect factor tables could lead to incorrect payments of benefits if anomalies are not identified by the Benefits Team	Project plan in place - work is double checked by system team	None required at present
	Event reporting	2	3	6	Medium	No	Capturing all area's of work	Andreas Andrea	HMRC fines for both fund and member. Reputational damage to fund in the event of any fine.	Project plan in place	System team to complete a written procedure for the procedure matrix
	Missing Addresses	1	3	3	Low	No	Could lead to personal data going to a wrong address or benefits not claimed.	Tim O'Connor with support from the Systems Team	Noot having the ability to contact the member to notify or pay our benefits	Project plan in place	Tender required to outsource missing members addresses to a tracing agency. Systems Team to identify amount.
	End of year updating (LGPS 2021 scheme and employer data issues)	3	3	9	Medium	Yes	Year updating of Altair IT System. Pensions Increase programme. Plus EOY factor tables. Employee data for salaries and contributions - if incorrect. Member could be wrongly paid.	Andreas Andrea	Impact on both members payments and incorrect ABS	Project plan in place - work is double checked by system team	None required at present - a written process to be produced for new systems team members to follow

	Data cleansing meeting TRP record-keeping	1	3	3	Low	No	Establish a clear and consistent data cleansing programme. Expansion of pensions dashboard.	Tim O'Connor with support from both administration and Systems teams	Without a clear, consistent and routine data cleansing programme, the fund cannot be confident that errors will not occur. Pension Regulator targets will not be met causing reputational damage	project plan in place	Establishment of a comprehensive suite of routine data cleansing processes as part of a full programme. Procedure to capture this area of work.
Management	Procedure matrix	3	3	9	Medium	Yes	procedures all captured and up to date?	Tim O'Connor with support from both administration and Systems teams	Without an up to date procedure matrix it will be impossible to know who is following the correct procedure. This could lead to cases been incorrect benefits been paid, also risk of reputational damage	Procedure project in progress	Team Leaders to routinely capture any missing processes and monthly reviews on updates
	Training matrix	1	4	4	Low	No	Up to date with all training work	Tim O'Connor	without an up to date training matrix it will be impossible to know who is skilled in what area, what training is required and this could lead to incorrect calculations due to a lack of knowledge	unknown - risk owner to confirm update	to complete upto date training matrix
	KPI - statistic's	1	4	4	Low	No	Accurate and up to date?	Tim O'Connor	Without accurate and clear data it is impossible to plan the resources of the team. This has several risks	Yes	Review and annual update - new tasks to add
	Discretions Employers	1	2	2	Low	No	All admin auth discretions made?	Tim O'Connor and Andreas Andrea	Members may suffer if Employers have not been a clear discretions policy as required.	Project plan in place as part of employer specific work	To chase remaining Employers to obtain a written discretions policy - arrange and visit remaining employers, i.e. attendance at town council meetings. Briefing paper to outline this area.
	Staffing levels	2	2	4	Low	No	Capacity issues:	Tim O'Connor & Julie Barker	Resourcing work and all other projects could be hindered or slowed down by lack of team members.	Yes	more planning in next stage development required - McCloud impact
	LGA Bulletins – bullet points being actioned	1	4	4	Low	No	all action points addressed by Managers?	Tim O'Connor, Andreas Andrea, Tracey Rogers	Action from Bulletin not completed could have financial implications for members. Risk of reputational damage	Bulletins are reviewed monthly, actions required	To review at Monthly team meeting
	Data Protection	2	3	6	Medium	No	Everyone adhering to the new data protection rules?	All	Member or other body wrongly notified of personal data. Heavy Fine from ICO plus reputational damage to pension fund.	Training, procedures. Routine reminders.	Annual refresher training before end of 31/05/2021 required. Auditing of cases on a routine basis.
Governance	Local Pension Board - administration papers	1	3	3	Low	Yes	Providing administration data to the LPB	Tim O'Connor	Board members not being able to access information at the right time.	Yes. Dates of meetings and also dates of issue of papers to Committee members to be confirmed	To ensure all administration reports are sent by the deadline given - dates of issue to the Committee to be confirmed from Bola Tobun.
Employer	Employer data provided on time	1	2	2	Low	No	Work received from all employers in a timely manner on a monthly basis which contains minimal errors	Karen Bennett	member could be paid incorrectly. Plus financial and reputational damage to pension fund	unknown - risk owner to confirm	establishment of procedure and routine monitoring of performance against targets
	Legal turnaround times for Admission Agreements	2	3	6	Medium	No	Internal legal not responding to request or moving work in a timely manner.	Julie Barker with support from Tim O'Connor	reputational risk with employers and lead to commercial issues occurring	Project plan in place as part of employer specific work	SLA with HOP to discuss with legal to establish agreed turnaround times.
Communications	Communications Quality Assurance	1	4	4	Low	No	letters, newsletters, website, emails, telephone calls clinics.	Tim O'Connor with support from all Pensions Team	Members not been updated at the right time.	Yes	Employer newsletter being worked on. Active & Pensioner newsletter to start work on.
	Website	1	4	4	Low	No	not up to date and new branding to add to the site	Tim O'Connor with support from Systems Team	Members reading incorrect information could lead to incorrect decisions been made	Yes	some additions ready to now add - re governance page and AVCwise information and year end information
	Presentations/online	1	4	4	Low	No	Various Managers trying to cover both this role and their own. Developing new online webinars for scheme members	Tim O'Connor with support from the Pensions Team	not having the resources to cover adequately. Information not getting to the right people at the right time	Yes	recording online presentations to be held on the website and sent as a link to members.
	Pension Webinars	1	4	4	Low	Yes	EPP indicated Fund would hold these in 2020 but the pandemic meant cancelling. These could be introduced in an online facility	Tim O'Connor with support from the Pensions Team and with HR for online Pre-retirement courses	Members don't receive the service and are not as well informed as they should be.	Yes	1:1 online pension meetings - post issue of ABS to be set up with booking system

	Member Self Service	2	3	6	Medium	Yes	Members having issues accessing MSS and not seeing the correct screens	Systems Team	Members don't receive the service and are not as well informed as they should be.	Yes - a Systems team project plan is also in place	Invite going out to Deferred Members during February inviting them to sign up and then Pensioners during May.
Security	Cyber security	2	3	6	Medium	Yes	Increased risk of online attack due to pandemic	Julie Barker with support from Tim O'Connor and IT	Fraud, reputational damage	Yes	Await results of AON cyber security report

Review date
01/01/2022
31/05/2021
31/05/2021
30/04/2021
31/10/2021
31/08/2021
01/11/2021
01/11/2021
30/09/2021
31/12/2021
31/07/2021
30/11/2021
31/03/2021
31/05/2021
31/05/2021
31/03/2021

1 Yes

1 Andy

Zoe

30/06/2021
30/09/2021
31/08/2021
31/12/2021
31/08/2021
31/08/2021
31/12/2021
31/05/2021
31/03/2021
31/05/2021
31/07/2021
31/05/2021
31/05/2021
30/09/2021
31/05/2020

31/05/2021
30/04/2021

London Borough of Enfield Pension Fund – Administration – Key Performance Indicators (TPR) – Quarter 3 – 1st October 2020 to 31st December 2020

QUARTER 3 - 1/10/2020 TO 31/12/2020			
Process	No. of cases commenced in quarter	No. of cases completed in quarter	No. cases outstanding at quarter end
Deaths – initial letter acknowledging death of members	99	29	108
Retirements – letter notifying estimate retirement benefits	25	153	15
Retirements – letter notifying actual retirement benefits	50	91	46
Deferment – calculate and notify deferred benefits	114	172	111
Transfers in/out – letter detailing transfer quote	79	112	44
Refund – Process & pay a refund	12	13	13
Divorce quote – letter detailing cash equivalent value and other benefits	5	7	5
Divorce settlement – letter detailing implementation of pension sharing order	7	0	7
Joiners – notification of date of enrolment - manual set up	1	63	0
Joiners – notification of date of enrolment - iconnect	0	0	0
Key Performance Indicators			
Process	KPI	Good Practice Requirement	%
Deaths – letter notifying amount of dependants pension	29	2 Months	75.86%
Retirements – letter notifying estimate of retirement benefits	153	2 Months	98.04%
Retirements – letter notifying actual retirement benefits	91	2 Month	92.31%
Transfers in/out - letter detailing transfer quote	112	2 Months	89.29%
Refund – process and pay a refund	13	2 Months	92.31%
Divorce quote - letter detailing cash equivalent value and other benefits	7	2 months	100.00%
Divorce settlements – letter detailing implementation of pension sharing	0	3 Months	n/a
Joiners – notifications of date of enrolment	63	2 Months	98.41%

ALL OTHER REPORTING AREA's not covered by TPR KPI requirement

Process	No. of cases commenced in quarter	No. of cases completed in quarter	No. cases outstanding at quarter end
ABS – Communication responding to members query	5	6	5
50/50 - form processed	0	9	0
Additional Service quotes	3	2	3
Opt Outs - request processed	3	98	1
Additional Pension Contribution (APC) - Request processed	2	2	1
Additional Voluntary Contribution (AVC) - Request processed	8	15	9
General Altair System Amendments (address / nomination etc)	23	216	6
Miscellaneous	141	1191	246
Guaranteed Minimum Pension (GMP) notifications	134	76	124
Leaver (- 2 years + 14 service)	61	83	40
Leaver (- 2 years - 14 service)	0	1	0
Frozen Refund Calculations	1	85	11
Deferred	114	172	111
Amalgamation (internal transfers)	364	83	281
Transfer In Authorisation form	2	23	0
Transfer In - IFA Estimate	25	29	8
Transfer In - IFA Actual	15	16	12
Transfer In - Non LGPS - Estimate	15	4	11
Transfer In - Non LGPS - Actual	10	8	6
Transfer Out - IFA Estimate	14	48	12
Transfer Out - IFA Actual	14	24	14
Transfer Out - Non LGPS - Estimate	25	31	13
Transfer Out - Non LGPS - Actual	6	2	5
Annual Allowance (one off yearly project)	4	0	5
	989		

Key Performance Indicators			
Process	KPI	Good Practice Requirement	%
ABS – Communication responding to members query	6	2 Months	100.00%
50/50 - form processed	9	10 working days	88.88%
Opt Outs - request processed	98	10 working days	99%
Additional Service quotes	2	2 Months	100%
Additional Pension Contribution (APC) - Request processed	2	2 Months	100%
Additional Voluntary Contribution (AVC) - Request processed	15	2 Months	100%
General Altair System Amendments (address / nomination etc)	216	10 working days	93%
Miscellaneous	1191	2 Months	99.16%
Guaranteed Minimum Pension (GMP) notifications	76	2 Months	100%
Leaver (- 2 years + 14 service)	83	2 Months	94%
Leaver (- 2 years - 14 service)	1	2 Months	100%
Frozen Refund Calculations	85	2 Months	100%
Deferred	172	2 Months	93.61%
Amalgamation (internal transfers)	83	2 Months	90%
Transfer In Authorisation form	23	10 working days	91.30%
Transfer In - IFA Estimate	29	2 Months	62.01%
Transfer In - IFA Actual	16	2 Months	87.50%
Transfer In - Non LGPS - Estimate	4	2 Months	75%
Transfer In - Non LGPS - Actual	8	2 Months	62.50%
Transfer Out - IFA Estimate	48	2 Months	100%
Transfer Out - IFA Actual	24	2 Months	87.50%
Transfer Out - Non LGPS - Estimate	31	2 Months	100%
Transfer Out - Non LGPS - Actual	2	2 Months	100%
Annual Allowance (one off yearly project)	0	2 Months	n/a
	2224		

This page is intentionally left blank

London Borough of Enfield**ENFIELD PENSION BOARD****Meeting Date: 3 March 2021**

Subject: National Guidance and Requirements on Governance**Cabinet Member: Cllr Maguire****Executive Director: Fay Hammond****Key Decision: N/a**

Purpose of Report

1. This report introduces the Enfield Pension Fund current Governance status and also provides some highlights of the current national guidance and requirements for Pension Fund Governance.
2. The Enfield Pension Fund Governance Policy and Compliance Statement has been prepared in accordance with the Local Government Pension Scheme Regulations. It sets out the governance procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State.
3. One of the functions of the Board is to meet the Councils duties in respect of the efficient management of the pension fund.

Proposal(s)

4. Enfield Pension Board are recommended to:
 - i) Note and consider the contents of this report especially the National Guidance and Requirements for Governance;
 - ii) Note the Enfield Pension Fund Governance Policy and Compliance Statement, attached as Appendix 1; and
 - iii) Note the Scheme of Delegation which is included as Appendix A of the attached Governance Policy and Compliance Statement.

Reason for Proposal(s)

5. For effective and efficient management of the Fund.
6. There is a requirement for the Board to be kept up to date with current issues and legislative developments to support and effect the effective discharge of their role.

7. Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Enfield Council, as the administering authority for the Enfield Pension Fund, to prepare a written statement setting out details of the authority's delegation of functions under the LGPS Regulations.
8. **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

12. Since 1st April 2006, administering authorities have been required to publish and maintain a pension fund governance statement setting out the governance arrangements for their Fund including details of membership, how often they meet and the decision-making process. This requirement has been maintained in the LGPS Regulations 2013, with Regulation 55 requiring funds to prepare and maintain a governance compliance statement.
13. Regulation 55 requires that:
 - (1) An administering authority must prepare a written statement setting out:
 - (a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, subcommittee or an officer of the authority;
 - (b) if the authority does so-
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
 - (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
 - (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards establishment).
 - (2) An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are

appropriate, following a material change to any of the matters mentioned in that paragraph.

- (3) Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.
 - (4) An administering authority must publish its statement under this regulation, and any revised statement.
14. This document therefore presents an update to the Governance Policy and Compliance Statement, under the programme of regular policy review set out in the Fund's business plan. It is recommended that the Committee approve the policy and statement for consultation with key stakeholders, including employers and other interested parties. It is intended that the final draft be brought to the November Pension Policy & Investment Committee for final approval.
 15. The key amendments that have been made are:
 - a) Updating the Policy and Statement to reflect new regulations (including the LGPS (Management and Investment of Funds) Regulations 2016)
 - b) Updating officer delegations to reflect staff changes within the Pension Fund
 - c) Updating delegations to reflect changes to roles as a result of asset pooling
 16. Appendix B of the document includes the Fund's Statement of Compliance against best practice as laid down in statutory guidance issued by the Secretary of State. It is pleasing to note that the Fund continues to be fully compliant in all areas.

Good Governance Project

17. LGPS Regulations mentioned the word "governance" for the very first time in 2005. Since then we've seen an explosion in the use of the term, as expectations have developed and grown around what good governance means for the LGPS. The last few years alone have seen an oversight role for The Pensions Regulator, expanded oversight by MHCLG, the introduction of local pension boards, increasing administrative complexity and the introduction of investment pooling.
18. It was against this backdrop that the LGPS Scheme Advisory Board ("SAB") appointed Hymans Robertson to assist with its Good Governance project in early 2019. The brief was to examine the effectiveness of the various current LGPS models; they were then to consider alternatives or enhancements which would help to take the good practice of the best funds and make it universal. It was made clear from the start that any proposals put forward must maintain the strong democratic local accountability that exists currently within the LGPS; in short, separation of LGPS funds from local authority structures was not on the cards

Phase I

19. Throughout spring 2019, Hymans carried out a comprehensive consultation exercise designed to gather the views and opinions of as many LGPS stakeholders as possible. To supplement an online survey, Hymans hit the road to hear views on Good Governance across the country including roundtable events, appearances at conferences, webinars and many one-to-one conversations. Interactions included dedicated pensions officers, chief finance officers, elected members, local pension board members, monitoring officers, independent advisers and trade unions. By the end they had engaged with over 200 stakeholders, and 76 funds across England and Wales.
20. These conversations from across the LGPS world helped to inform their final report accepted by the SAB in July 2019. Central to the report was the recognition that no single governance model is appropriate for all funds; rather than focus on how funds are set up to deliver the LGPS function, it is more sensible to focus on the outcomes they deliver. The report went on to propose that funds should report their level of compliance against a governance framework: this would include areas such as conflict management, sufficiency of resource and budget, and representation on governance committees and boards.

Phase II

21. Keen to take these proposals forward, the SAB initiated Good Governance Phase II which involved bringing together two working groups to further develop the ideas within Phase I. The groups were established by the SAB to ensure a wide range of representation from all areas of the LGPS, also in attendance were The Pensions Regulator and MHCLG. The Phase II report was accepted by the SAB in November last year and brings more detail to areas such as publishing a governance compliance statement, budget setting, and the independent review process.

Phase III

22. This will see the SAB consider how statutory guidance can be used to put the LGPS governance framework in place, and what KPIs can be used to measure governance effectiveness.
23. For those funds wanting to get ahead of the game and be ready for this Good Governance guidance and KPIs, there is plenty they can be doing. For example, funds might want to consider their conflicts of interest policy and ensure it really does address all of the actual, potential and perceived conflicts that exist in the LGPS world. Or maybe try reviewing the fund's decision-making processes; where are key decisions made, who is responsible for delivery of those decisions, who needs to provide oversight and is what you've documented actually reflected in the constitution? A full review of all mandatory and best practice policies, as identified by the Pensions Regulator is also recommended.

National Guidance and Requirements on Governance

24. In this section we summarise some of the key elements of good governance that are included in national guidance or best practice.

Summary of guidance

The guidance and requirements refer to within this paper are as follows:

- SAB Good Governance Project¹ – phase 2 report ("SAB Good Governance Project Outcomes ")
- MHCLG Statutory Guidance on Governance Compliance Statements² ("MHCLG Statutory Governance Guidance")
- The Pensions Regulator's Code 14: Governance and administration of public service pension schemes³ ("TPR Code of Practice")
- CIPFA's Administration in the LGPS: a guide for pensions authorities⁴ ("CIPFA Administration Guide")

Scheme Advisory Board's Good Governance Project

25. As the principles of SAB's Good Governance project are integral to this governance review, shown below are the latest proposals, which are from phase 2 of the project, and which are likely to be incorporated into statutory guidance:

- The need for new statutory governance guidance from the Ministry for Housing Communities and Local Government (MHCLG) to effectively implement the proposals from this project. The current guidance in this area was published in 2008.
- Each administering authority to:
 - have a single named officer responsible for the delivery of all LGPS related activity for that fund (i.e. an LGPS senior officer).
 - publish an annual governance compliance statement that sets out how they comply with the governance requirements set out in MHCLG's new guidance. This would need to be co-signed by the LGPS senior officer and, where different, the S151 officer.

https://www.lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf

http://lgpsregs.org/timelineregs/Statutory%20Guidance%20and%20circul ars/Governance_Statutory_Guidance.doc

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pensioncode-of-practice>

<https://www.cipfa.org/policy-and-guidance/reports/administration-in-the-lgps>

- publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed
- refer to SAB guidance on statutory and fiduciary duty
- publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and to voting rights for each party.
- In the areas of knowledge and skills:
 - a requirement for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively (in effect this tries to bring requirements in line with those already in place for Local Pension Boards)
 - a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding
 - a requirement to have a policy setting out how training is delivered, assessed and recorded
 - CIPFA and other professional bodies be asked to produce guidance and training modules (particularly for S151 officers).
- In terms of the service delivery of the LGPS, each Administering Authority must:
 - document key roles and responsibilities relating to the fund and publish a roles and responsibilities matrix setting out how key decisions are reached.
 - publish an Administration Strategy and report the Fund's performance against agreed indicators.
 - ensure their committee is included in the business planning and budget setting processes.
 - give proper consideration to pay and recruitment policies in order to meet the needs of the pension fund; not simply applying general council staffing policies such as recruitment freezes.
- From a compliance and improvement perspective the proposal is that each Administering Authority must undergo a biennial independent governance

review and produce an improvement plan to address any issues identified, with those reviews and reports to be assessed by a SAB panel of experts. The Local Government Association (LGA) will also consider establishing a peer review process for LGPS funds.

MHCLG Statutory Governance Guidance

26. MHCLG statutory guidance includes the principle that "The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council."
27. It also states:
 - [Policy decisions on administration matters] are key decisions which should be subject to the rigorous supervision and oversight of the main committee.
 - LGPS committees and panels need to receive regular reports on their scheme administration to ensure that best practice standards are targeted and met and furthermore, to satisfy themselves and to justify to their stakeholders that the fund is being run on an effective basis.

TPR's Code of Practice

28. TPR's Code refers to the outsourcing of services in paragraphs 119 and 120, focussing on the provision of administration services. It refers to:
 - Providers of outsourced services should be required to demonstrate that they have adequate internal controls, which should be incorporated within the terms of engagement between the scheme and service provider. The scheme manager (is taken to be the PPIC) should be satisfied that internal controls associated with those services are adequate and effective.
 - Information from providers should be sufficiently detailed and comprehensive and service level agreements should cover all services that are outsourced.
 - Where the management of scheme data has been outsourced, it is vital that schemes understand and are satisfied that the controls in place will ensure the integrity of scheme member data.

CIPFA Administration Guide

29. This CIPFA guidance includes the following:
30. What if administration is outsourced or delivered through a shared-service arrangement?
31. Whether administration service is delivered internally (within the administering authority), outsourced to a private sector contractor or provided through a shared-service arrangement, the responsibility for the proper governance of

the Fund, including administration and communications matters, still lies with the administering authority.

32. Accordingly, all the points highlighted above* to equally be included in reporting from any external provider or shared service partner of the administration services. A close working relationship is fundamental to ensuring that the administration provider can continually meet legal and other requirements, particularly given the Fund will have no or little direct control over the resources available to deliver the scheme administration services.

[*Note that this refers to areas set out within the CIPFA guide, including reporting against areas such as legal deadlines, internal targets, overall turnaround times, breaches and errors, numbers of tasks/cases, satisfaction surveys, data issues and employer performance.]

33. It will be extremely important to ensure that the information to be included in reporting, and the level of detail expected, is clearly set out when carrying out any tender or appointment process. This should ensure full details of all Fund specific service standards or other targets (albeit noting that these may move during the period of the contract). This should also set out expectations in relation to rectification where an administration provider is failing to meet requirements.

Safeguarding Implications

34. None.

Public Health Implications

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

Equalities Impact of the Proposal

36. 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

37. 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

38. This is a noting report.

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

39. Risks arising from poor administration and management tend to be reputational but can include additional expenditure. This and future reports are designed to provide the Committee with assurance that pension risks are being adequately managed.

Financial Implications

40. The S151 Officer is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that there are no direct financial implications arising as a consequence of the revised Policy and Statement. The cost of compliance with the necessary regulations with regards to governance is minimal in comparison to the value of the fund, and the risks arising through failure to do so.
41. The effective and efficient management of Fund assets and achievement of performance targets are key to the achievement of the funding strategy objectives and this is a good decision which can result in greater cost savings to the fund.

Workforce Implications

42. 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

43. None

Other Implications

44. None

Options Considered

45. This is a legislative requirement so there is no alternative option to consider.

Conclusions

46. The report was first considered by the members of PPIC at a meeting held in November 2020 whereby they sought guidance from the monitoring officer for comments on the Enfield Pension Fund current governance arrangement comparing it to the national guidance and requirements on pension fund governance. It was highlighted that there is a need:
- To have one representation of scheme members and a representation from non-administering authority employers on Enfield Pension Fund Committee
 - To have a policy and an approach of enlisting members for the two highlighted representations with no voting rights on the Committee.

47. Phase III of the SAB Good Governance review has been slowed down by COVID19, it is due to restart and Funds are advised that they might want to consider their conflicts of interest policy and ensure it really does address all the actual, potential and perceived conflicts that exist in the LGPS.
48. It is worth noting that an independent assessor might be needed and engaged to carry out the Enfield Pension Fund Governance review once the national guidance and requirements are made mandatory by MHCLG.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 15th January 2021

Appendices

Appendix 1 – Draft Governance Policy and Statement of Compliance

Appendix A - Delegation of Functions to Officers

Appendix B – Enfield Pension Fund’s Statement of Compliance

Background Papers

https://www.lgpsboard.org/images/PDF/HymansRobertson_GoodgovernanceintheLGPS_Phase-II_November2019.pdf

http://lgpsregs.org/timelineregs/Statutory%20Guidance%20and%20circulars/Governance_Statutory_Guidance.doc

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pensioncode-of-practice>

<https://www.cipfa.org/policy-and-guidance/reports/administration-in-the-lgps>

Appendix 1

London Borough of Enfield Pension Fund Governance and Compliance Statement January 2021

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

Governance and Compliance Statement

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 23,200 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:

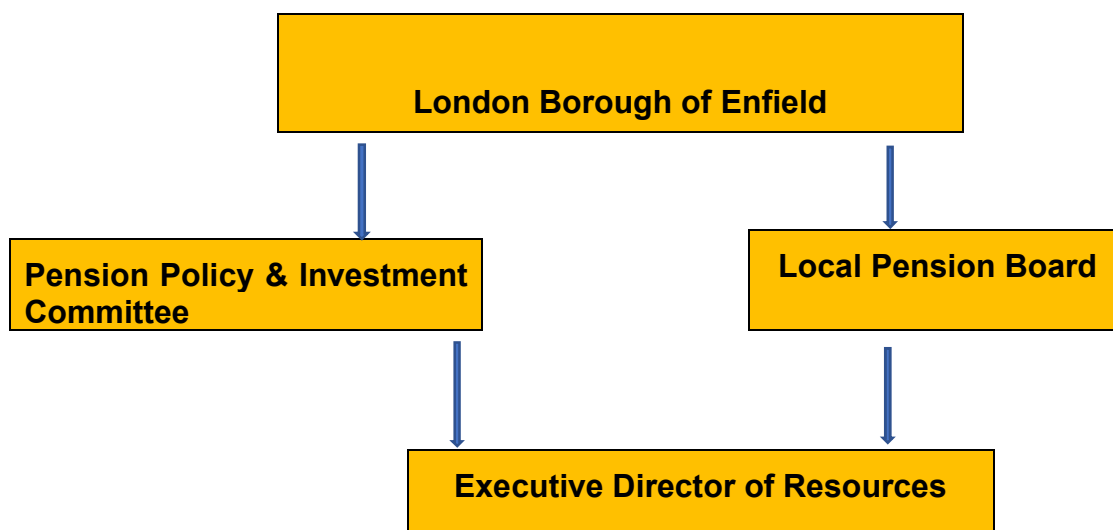
- all staff and Pension Policy & Investment Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance 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 to disclose 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?CommitteId=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 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 6 members as follows:

- Three Employer Representatives
- Three 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 two of the six 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 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.

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 on 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 has been reviewed and updated for Pension Policy & Investment Committee consideration and approval 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>

Delegation of Functions to Officers by Enfield Pension Policy & Investment Committee

Key:

PPIC – Pension Policy & Investment Committee

EDR – Executive Director of Resources & Officers

IC – Investment Consultant

PTM – Pensions & Treasury Manager

DF - Director of Finance

OAP-Officers & Advisers Panel

IA – Independent Adviser

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 Myners 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	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

	Pension Policy & Investment Committee.		
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.	<p>Ongoing monitoring of Fund Managers and Pool Operator</p> <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>	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 OAP & PTM Notified PPIC via ratification process.
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 e-mail (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	Implementation of the requirements of the CIPFA Code of Practice	EDR, DF and PTM	Regular reports provided to PPIC and included in Annual Report and Accounts.

training plans and monitoring compliance with the policy.			
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.	Other urgent matters as they arise	EDR, DF and PTM subject to agreement with Chairman and Vice Chairman (or either, if only one is available in timescale)	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.
	Other non-urgent matters as they arise	Decided on a case by case basis	As agreed at PPIC and subject to monitoring agreed at that time.

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 do not currently sit on the Pension Policy & Investment Committee.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Compliant	A report of the sub-committee will be presented at the following Pension Policy & Investment Committee. All key recommendations of the Sub-Committee will be considered and approved by the Pension Policy & Investment Committee.
	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 Pension Policy & Investment Committee are also members of the Pension Policy & Investment Committee.
REPRESENTATION	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: -</p> <ul style="list-style-type: none"> ▪ employing authorities (including non-scheme employers, e.g. admitted bodies), ▪ scheme members (including deferred and pensioner scheme members), 	Compliant	Trade unions and admitted bodies are represented on the Pension Board but currently not on the Pension Policy & Investment Committee.

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
	<ul style="list-style-type: none"> ▪ independent professional observers, ▪ expert advisors (on an ad-hoc basis). 		
	<p>That where lay members sit on a main or 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.</p>	Compliant	<p>Papers for Pension Board and the Pension Policy & Investment Committee are made available to all members of both bodies at the same time and are published well in advance of the meetings in line with the council's committee agenda publication framework.</p>
SELECTION & ROLE OF LAY MEMBERS	<p>That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Compliant	<p>Members of the Pension Policy & Investment Committee and Pension Board have access to the terms of reference of each body and are aware of their roles and responsibilities as members of these bodies.</p>
VOTING	<p>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.</p>	Compliant	<p>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.</p>
TRAINING/FACILITY TIME/EXPENSES	<p>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.</p>	Compliant	<p>Regular training is arranged for members of the Pension Policy & Investment Committee and Pension Board. In addition, members are encouraged to attend external training courses. The cost of any such courses attended will be met by the Fund.</p>

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
	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 Pension Board and Pension Policy & Investment Committee.
MEETINGS (FREQUENCY/ QUORUM)	That an administering authority's main committee or committees meet at least quarterly.	Compliant	Meetings of the Pension Board and 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 Pension Board and Pension Policy & Investment Committee are arranged to take place a week from each other.
	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant	Other stakeholders of the Fund are able to make representations at the Annual General Meeting of the Pension Fund and also Employers Forum.
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	Committee meeting papers are circulated at the same time to all members of the Pension Policy & Investment Committee and the Pension Board.
SCOPE	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	Pension Policy & Investment Committee considers range of issues at its meetings and therefore has taken steps to bring

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
			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.

This page is intentionally left blank

London Borough of Enfield**ENFIELD PENSION BOARD****Meeting Date: 3rd March 2021**

Subject: Local Pension Board General Remit and Enfield Pension Board Work Plan for 2021/22**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 2021/22 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 2021/22 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 2021	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 2021	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 2022, 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.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 4th February 2021

Appendices

Appendix 1 – LB Enfield Pension Board Terms of Reference
Appendix 2 – Pension Board Work Plan for 2021/22

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.

Member 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

This page is intentionally left blank

PENSIONS BOARD

Draft Work Plan

2021/22

Date of Meeting	Title of Report	In-line with PB Terms of Reference (no.)	Responsible Officer
June 2021	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	55a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	55c & 56b	Pensions Manager
	Review of The Pensions Regulator Code of Practice	55a-55e	Finance Manager (Pension & Treasury)
	Review Asset Voting, Engagement Processes & Compliance with the UK Stewardship Code	56j	Finance Manager (Pension & Treasury)
	Review of Pensions Administration Strategy	55e & 55i	Pensions Manager
	Receive Final Account and Fund Annual Report for 2019/2020 and External Audit Reports	55l, 55m & 56e	Finance Manager (Pension & Treasury)
	Review of Investment Strategy Statement	55d & 55i	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
September 2021	Received and Review Pensions Committee Meetings agenda (reports & minutes)	55a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	55c & 56b	Pensions Manager
	Review the process of actuarial valuations	56h	Finance Manager (Pension & Treasury)
	Review of Funding Strategy Statement	55d & 55i	Finance Manager (Pension & Treasury)
	Review of Governance Compliance Statement	55d, 55e & 56g	Finance Manager (Pension & Treasury)

	Review of Risk Management Policy and Risk Register	56f	Finance Manager (Pension & Treasury)
	Review of The Pensions Regulator Code of Practice	55a-55e	Finance Manager (Pension & Treasury)/Pensions Manager
	Receive Draft Account and Fund Annual Report for 2020/2021	55l, 55m & 56e	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
December 2021	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	55a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	55c & 56b	Pensions Manager
	Review of Communications Policy Statement	55e & 55i	Pensions Manager
	Review Asset Voting, Engagement Processes & Compliance with the UK Stewardship Code	56j	Finance Manager (Pension & Treasury)
	Monitor Internal and External Audit Reports	56e & 55i	Finance Manager (Pension & Treasury)
	Review the process of actuarial valuations	56h	Finance Manager (Pension & Treasury)
	Review of Conflicts of Interest Policy	56f	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
March 2022	Received, Note/Review Pensions Committee Meetings agenda (reports & minutes)	55a	Finance Manager (Pension & Treasury)
	Quarterly Monitoring Report of Pension Administration Performance Targets & Indicators	55c & 56b	Pensions Manager
	Review of Customer Services Survey	56a	Pensions Manager
	Review the Performance and Contracts of Service Providers to the Fund	56c	Finance Manager (Pension & Treasury)

	Receive Internal and External Audit Reports	51e & 50i	Finance Manager (Pension & Treasury)
	Review of Training and Development Policy and Member Training Needs Analysis	55j	Finance Manager (Pension & Treasury)
	Review of Reporting Breaches Procedure	56f	Finance Manager (Pension & Treasury)
	Receive Pension Fund Work Plan for 2022/23	55i & 55j	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various

London Borough of Enfield**ENFIELD PENSION BOARD****Meeting Date: 3rd March 2021**

Subject: Enfield Pension Fund Risk Management Policy, Internal Control & Register**Cabinet Member:** Cllr Maguire**Executive Director:** Fay Hammond**Key Decision:** []

Purpose of Report

1. This report and the appendix set out the Risk Management Policy and an approach to internal controls for the London Borough of Enfield Pension Fund. It also includes the Risk Register of the Pension Fund. The Board is required to review and note this report at least once every year.
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.

Proposal(s)

5. The Pension Board is recommended to consider and note:
 - a) the Risk Management Policy and the key internal controls; and
 - b) the Risk Register.

Reason for Proposal(s)

6. The terms of reference for the Pension Board set out a broad range of functions relating to the administration of the Pension Fund.
7. The consideration of the risks associated with administering the Pension Fund properly fall within the terms of reference of the Board. Setting out of a policy recognises the importance that is placed on this area in accordance with both the CIPFA guidance and recognises the increased role of the Pensions Regulator following the Public Service Pensions Act 2013.
8. The Policy coming before the Board for review and comment helps to demonstrate compliance with both regulations and guidance provided by CIPFA and TPR.

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

The Pensions Regulator's LGPS Engagement Report

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. The Risk Policy set out in an appendix 1 to this report details the risk management strategy of the Pension Fund. It covers the approach to risk management and the procedures that are adopted in respect of risk management.
14. The Policy sets out the aims and objectives for the management of risk. It also recognises that risks cannot be entirely removed from the management of the Pension Fund because of the very nature of the Fund itself and the environment in which it operates. The risk management process involves the identification of risk, analysing risks, controlling risks, where appropriate, and the monitoring of risk on an ongoing basis.
15. The appendix also sets out key internal controls identified. It is not an exhaustive list; however, it forms the basis of some of the internal controls in place to manage the Fund on a day to day basis. The Public Service Pensions Act 2013 has added provisions from the Pensions Act for Public Service Schemes 2004 which require that internal control procedures are in place to ensure that the scheme is administered in accordance with regulations and scheme rules. In addition, TPR's Code of Practice guidance on internal controls requires scheme managers to carry out a risk assessment

and produce a risk register which should be reviewed regularly. TPR also has powers to issue improvement notices where it is considered that the requirements relating to internal controls are not being adhered to.

16. The Pensions Policy & Investment Committee act as quasi Trustees to the London Borough of Enfield Pension Fund and therefore have the responsibility for the strategic management of the assets of the Fund and the administration of benefits. As quasi trustees their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members. Within their Governance role, it is therefore important for Committee Members to understand the risks involved in the management of the Pension Fund and the actions put in place to mitigate those risks where possible.
17. Risk management of the Pension Fund needs to ensure the identification, analysis and economic control of opportunities and risks that challenge the assets, reputation or objectives of the Fund. Effective risk management enables the Pensions Policy & Investment Committee to manage strategic decisions to safeguard the wellbeing of all stakeholders in the Pension Fund and increase the likelihood of achieving the Fund's objectives.
18. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework recognising the importance that those charged with governance have an understanding of the risks that could impact on the Pension Fund and the steps that can be taken to mitigate such risks.
19. The Pension Fund Risk Register, included in Appendix 2 to this report, highlights the key risks that face the Pension Fund and the measures that can and have been put in place to control those risks. There are some risks, such as increased longevity that are difficult to assess and potentially control but that does not mean that they should be ignored.
20. Risk can be classified as having two dimensions that need to be assessed to determine the magnitude of the risk;
 - i) Likelihood – the possibility that a risk will occur; and
 - ii) Impact – the consequences if the risk were to occur.
21. Risk management forms a key part of Pension Fund Governance and is part of the ongoing decision making process for the Committee. The benefits of successful risk management are clear for the Fund in improved financial performance, better delivery of services, improved Fund governance and compliance. Reviewing the risk register on an annual basis, as a minimum, ensures that the Committee is able to fulfil its governance of the Pension Fund.
22. There are four general approaches to the treatment of risk: avoid by not engaging in an activity; reduce by the use of appropriate controls; transfer to an external party such as through the use of insurance or acceptance of risk by acknowledging that such risks cannot be avoided.

23. Broadly the types of risk that the Fund is exposed to fall into the following broad categories:
- i) Financial – These relate to insufficient funding to meet liabilities, loss of money, poor financial monitoring with the consequence being the requirement for additional funding from the Council and other employers.
 - ii) Strategic – Failure to meet strategic objectives, such as performance targets, Funding Strategy Statement objectives.
 - iii) Regulatory – Regulatory changes, failure to comply with legislation, to meet statutory deadlines.
 - iv) Reputational – Poor service damaging the reputation of the Fund.
 - v) Operational – Data maintenance, service delivery targets.
 - vi) Contractual – Service providers, failure to deliver, effective management of contracts.
 - vii) Communication – Failure to keep all stakeholders notified of things that affect them, be they employers, scheme members or contractors.
24. The risks in respect of the Pension Fund form part of the Council's broader risk register. The risk register is designed to be a tool to effectively identify, prioritise, manage and monitor risks for the Fund. The register allows each risk to be given a value depending on the likelihood of occurrence and the impact that it may have.
25. The Risk Register for the Pension Fund set out in the Appendix 2 of this report. It shows the Board the nature of the individual risks for the Fund, with matrix showing whether the risk fall into:
- i) High risk (red) – need for early action / serious concern / intervention where feasible;
 - ii) Medium risk (amber) – action is required in the near future / significant concern;
 - iii) Moderate risk (yellow) – risk to be kept under regular monitoring / consequences of risk are of some concern; or
 - iv) Low risk (green) – willing to accept this level of risk or requires action to improve over the longer term.
26. Where a risk has been categorised as high, controls have been put in place with the hope of mitigating the risk. In a number of cases, there are high risks over which the Fund can have little control or put sufficient mechanisms in place to negate such risks.
27. Looking at the high risk areas for the Pension Fund and for the Council as an employer, the key high pension risks are:
- a. Increasing longevity – People living longer and therefore drawing pension benefits for longer than was anticipated at the time the Scheme was set up. This impacts on the costs of managing the Scheme and whilst this is clearly a risk the Fund is unable to control, by monitoring the longevity profile of the Fund, it is able to anticipate and plan for future cost increases. Increasing longevity is one of the factors which is being addressed to a certain extent in the Scheme by a linking the Scheme retirement age to rise in line with the State Pension Age. This will see retirement ages rise to 66 in 2020 and 68 by the mid 2030's with further rises over time to match rising longevity. In addition,

new measures to introduce a cost cap for employers' contributions will be introduced and as such there is likely to be a mechanism for future increased longevity to be covered under the cost cap. However, this risk remains high as this will only cover scheme members who have not yet reached retirement age and does not affect those whose pensions are already in payment, although it is recognised that over time this risk may gradually decrease as steps are put in place at a national level to offset some of this risk.

- b. Asset/Liability Mismatch – Assets could fail to keep pace with a growth in the liabilities of the Pension Fund resulting in additional costs for employers participating in the Fund. Whilst the actuarial valuation 2016 saw strong asset growth, the Fund had a deficit of some £132m from the 2013 valuation as the liabilities also grew.
- c. Investment Performance – Poor performance from either the Fund's investment managers or from the asset classes the Fund invests could result in investment returns being below expectations. Performance monitoring should assist in providing warning signals to take action where necessary to terminate a manager or exit an asset class. A number of the Fund's managers continue to have good performance in 2019/20 and markets remained volatile.
- d. Poor membership data – This has a high risk rating due to the introduction of the 2014 career average revalued earnings (CARE) scheme means that it is crucial to have accurate contributions data for employees on an annual basis. Previously pension benefits were calculated on a final salary basis, but from April 2014, benefits are now based on a person's annual pensionable pay and revalued each year in line with increases in the CPI. Consequently, a scheme member pay data needs to be highly accurate in order to avoid over or under benefit accrual. Some of these changes have proved very difficult for both employers and payroll providers and the administrators are heavily reliant on receiving accurate data from employers. In addition, the Pensions Regulator play a bigger role in monitoring the LGPS and the Fund will be required to submit information about the quality of its data to the Regulator and could face sanctions for poor data.
- e. Regulatory – This risk is highly rated, within this risk there are two types of regulatory risk i.e. failure to comply with regulations and regulatory changes introducing new types of risk. Whilst the new Scheme has been introduced, the Fund continues to face a significant period of regulatory changes with the introduction of the Scheme Advisory Board, Local Pension Boards, MiFID II, a greater role for the Pensions Regulator. It is clear that the LGPS is facing a period of considerable challenge and change and these are likely to have a major impact on the way the LGPS operates.
- f. Failure to manage costs – This is another risk which has seen its rating increase following a review. This is also interwoven with the regulatory risks. As government consultations indicate that they believe that cost

savings from investment management and a move to passive alone could achieve savings. This along with ongoing austerity measures in local government mean that LGPS will face considerable pressure to deliver cost savings over the next few years. It is also clear that greater transparency amongst LGPS will also force Funds to look more closely at value for money options.

- g. Pension Funding Risk – This remains a risk for the Fund over the medium/longer term given the need to close the funding gap. Whilst the funding position improved at the 2016 valuation and the initial formal valuation results for 31st March 2019 indicates a further improvement since then.
28. The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to the Fund. This Risk Policy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.
29. The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the Executive Director of Resources, is the designated individual for ensuring the process outlined in the policy is carried out, subject to the oversight of the Pensions Policy & Investment Committee.
30. However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process. This process is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities.
31. All risks are regularly reviewed to ensure that they remain appropriate and that the controls are in place to manage risks where feasible. An annual review of the Risk Register has been included within the business plan for the Pension Fund and this report will therefore continue to be a regular feature so that the Board and the Committee understands the risks involved in managing the Pension Fund and is able to therefore to make informed decisions.

Safeguarding Implications

32. 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

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

Equalities Impact of the Proposal

34. 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

35. 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

36. Lack of robust governance inevitably involves a degree of risk and there are clearly some risks which would be difficult to transfer or manage, such as the impact that increased longevity will have on the liabilities of the Pension Fund, but the understanding of such risks could well impact on other aspects of the decision making process to lower risks elsewhere.

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

37. Not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Pension Fund. In addition, where scheme managers or pension boards fail to address poor standards and non-compliance with the law, TPR will consider undertaking further investigations and taking regulatory action, including enforcement action.

Financial Implications

38. There are no direct financial consequences arising as a result of this report. However, understanding the risks that are present in the Pension Fund and the management of those risks is essential to the overall strategic management of the Pension Fund and the governance role of this Board and the Committee. Not all risks are quantifiable from a financial perspective but could impact on the reputation of the Fund or of the Council.
39. The costs of not adhering to either the legislation or indeed applying best practice could be significantly higher and pose risks to the financial management of the Pension Fund.

Legal Implications

40. Section 249B of the Pensions Act 2004 requires the administering authority to manage risk by establishing and operating internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and
41. The Pensions Regulator is required to issue a code of practice for this under section 90A of the Pensions Act 2004. The Pensions Regulator has issued such a code. In accordance with the Code, identified risks should be recorded

in a risk register and should be reviewed regularly. Paragraph 105 of the Code states that: -

- a) "Scheme managers must establish and operate internal controls. These should address significant risks which are likely to have a material impact on the scheme. Scheme managers should employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.
- b) They should seek advice, as necessary". The Risk Register, Risk Management & Internal Controls Policy which is the subject of this report is designed to ensure compliance with the Council's statutory duties with regard to managing risks related to the administration and management of the Pension Fund.

Workforce Implications

- 42. 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

- 43. None

Other Implications

- 44. None

Options Considered

- 45. Not reviewing a policy in respect of risk management for the Pension Fund potentially exposes the Fund and the Council to action by The Pensions Regulator.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 24th December 2020

Background Papers - None

- i) The Pensions Act 2004
- ii) The Pensions Regulator's Code of Practice
- iii) The CIPFA Guidance

Appendices

Appendix 1 - The Risk Management Policy and the key internal controls

Appendix 2 - The Risk Register

This page is intentionally left blank

APPENDIX 1
ENFIELD PENSION FUND
RISK MANAGEMENT
POLICY AND INTERNAL
CONTROL MEASURES

Pensions Policy & Investment Committee



RISK POLICY

Introduction

This is the Risk Policy of the Enfield Pension Fund, which is managed and administered by London Borough of Enfield. The Policy details the risk management strategy for the Enfield Pension Fund, including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the risk management process.

London Borough of Enfield (“we”) recognise that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, we can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats.

We adopt best practice risk management, which will support a structured and focused approach to managing risks and ensuring risk management is an integral part in the governance of the Enfield Pension Fund at a strategic and operational level.

To whom this Policy Applies

This Risk Policy applies to all members of the Pensions Policy & Investment Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all managers in the London Borough of Enfield Pension Fund Management Team, the Chief Finance Officer (Section 151 Officer) and the Director of Finance, (from here on, collectively referred to as the senior officers of the Fund).

Less senior officers involved in the daily management of the Pension Fund are also integral to managing risk for the Enfield Pension Fund and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Finance Manager (Pension & Treasury) and the team.

Advisers to the Enfield Pension Fund are also expected to be aware of this Policy, and assist senior officers, Committee members and Board members as required, in meeting the objectives of this Policy.

Aims and Objectives

We recognise the significance of our role as Administering Authority to the Enfield Pension Fund on behalf of its stakeholders which include:

- around 23,000 current and former members of the Fund, and their dependants;
- around 40 employers; and
- the local taxpayers.

Our Fund's Mission Statement is:

- We will be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all our customers.
- We will have instilled a corporate culture of risk awareness, financial governance, and will be providing the highest quality, distinctive services within our resources.
- We will work effectively with partners, being solution focused with a can do approach.

One of our key governance objectives is to understand and monitor risk. In doing so, we will aim to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Pension Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Enfield Pension Fund we will aim to comply with:

- the CIPFA Managing Risk publication and
- the managing risk elements of the Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes.

Our Philosophy about Risk Management

We recognise that it is not possible or even desirable, to eliminate all risks. Accepting and actively managing risk is therefore a key part of our risk management strategy for Enfield Pension Fund. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of our risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

In managing risk, we will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained;
- adopt a system that will enable us to anticipate and respond positively to change;
- minimise loss and damage to the Enfield Pension Fund and us, and to other stakeholders who are dependent on the benefits and services provided;
- make sure that when we embark upon new areas of activity (new investment strategies, joint-working, framework agreements etc), the risks they present are fully understood and taken into account in making decisions.

We also recognise that risk management is not an end in itself; nor will it remove risk from the Fund or us as the Administering Authority. However it is a sound management technique that is an essential part of how we manage the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

CIPFA and the Pensions Regulator Requirements

CIPFA Managing Risk Publication

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

The Pension Regulator's Code of Practice

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 related to the requirement to have internal controls in public service pension schemes.

“249B Requirement for internal controls: public service pension schemes

(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—

- (a) in accordance with the scheme rules, and*
- (b) in accordance with the requirements of the law.*

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, “enactment” and “internal controls” have the same meanings as in section 249A.”

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers to employ a risk based approach to assess the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls require scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should begin by:

- setting the objectives of the scheme;
- determining the various functions and activities carried out in the running of the scheme; and
- identifying the main risks associated with those objectives, functions and activities.

Schemes should then consider the likelihood of risks arising and the effect if they do arise as well as what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them

The code states risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that scheme should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

Under section 13 of the Pensions Act 2004, 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 internal controls are not being adhered to.

Application to the Enfield Pension Fund

We adopt the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to Enfield Pension Fund, and this Risk Policy highlights how we will strive to achieve those principles through use of risk management processes incorporating regular monitoring and reporting.

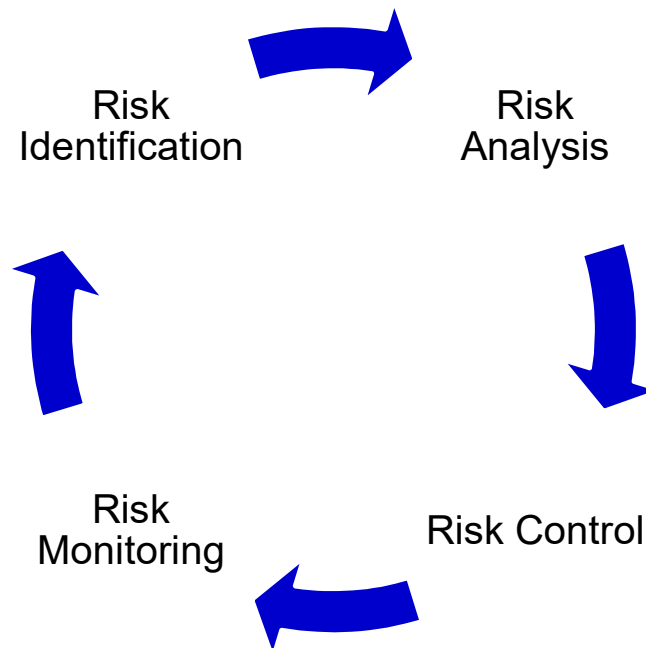
Responsibility

As the Administering Authority for the Enfield Pension Fund, we must be satisfied that risks are appropriately managed. For this purpose, the Finance Manager (Pensions & Treasury) is the designated individual for ensuring the process outlined below is carried out subject to the oversight of the Pensions Policy and Investment Committee.

However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

The Enfield Pension Fund Risk Management Process

Our risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



Risk identification

Our risk identification process is a proactive and reactive one, looking forward i.e. horizon scanning for potential risks and looking back, by learning lessons from reviewing how existing controls have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Enfield Pension Fund Officers and the Advisers;
- performance measurement against agreed objectives;
- monitoring against the Fund's business plan;
- findings of internal and external audit and other adviser reports;
- feedback from the local Pension Board, employers and other stakeholders;
- informal meetings of senior officers or other staff involved in the management of the Pension Fund; and
- liaison with other organisations, regional and national associations, professional groups, etc.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

Risk analysis

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed against the following where the score for likelihood will be multiplied by the score for impact to determine the current risk rating.

Likelihood of risk occurring	Very High (5)	5	10	15	20	25
	Significant / High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	Very Low (1)	1	2	3	4	5
	<i>Potential Financial Impact</i>	1 Insignificant/ Small £50k	2 Minor/Small >£50k to <£500k	3 Moderate/ Medium £500k-£10m	4 Major/ Large £10m-£50m	5 Catastrophic/ Very Large Over £50m
<i>Potential Reputation Impact</i>	Minor complaint	No media interest	One off local media interest	Adverse national media or sustained local interest	Ministerial intervention and or public inquiry	

Potential impact (financial or reputation) if risk occurred

When considering the risk rating, we will have regard to the existing controls in place and these will be summarised on the risk register.

Risk control

The Finance Manager (Pensions & Treasury) will then determine whether any further action is required to control the risk which in turn may reduce the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Before any such action can proceed, it may require Pensions Policy and Investment Committee approval where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.

- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary we will update the Fund's business plan in relation to any agreed action as a result of an identified risk.

Risk monitoring

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Enfield Pension Fund and its Advisors. In monitoring risk management activity, we will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision- making process in relation to that risk
- there are any lessons to learn for the future assessment and management of risks.

Reporting

Progress in managing risks will be monitored and recorded on the risk register and key information will be provided on a quarterly basis to the Enfield Pensions Policy and Investment Committee and the Pensions Board as part of the regular update reports on governance, investments and funding, and administration and communications. This reporting information will include:

- a summary of the Fund's key risks (ranked 15 or above in the above matrix);
- a summary of any new risks or risks that have changed (by a score of 3 or more) or risks that have been removed since the previous report;
- the Fund's risk dashboard showing the score of all existing risks and any changes in a pictorial fashion; and
- a summary of any changes to the previously agreed actions.

Monitoring of this Policy

In order to identify whether we are meeting the objectives of this policy the Independent Governance Adviser will be commissioned to provide an annual report on the governance of the Fund each year, a key part of which will focus on the delivery of the requirements of this Policy

Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pensions Policy and Investment Committee members, with the assistance of the Enfield Pension Fund Officers and Advisers, will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pensions Policy and Investment Committee and/or Pensions Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources being available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified.
- Conflicts of interest or other factors leading to a failure to identify or assess risks appropriately

Costs

All training costs related to this Risk Policy are met directly by Enfield Pension Fund

Approval, Review and Consultation

This Risk Management Policy was approved at the November 2019 of the Pensions Policy and Investment Committee. It will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about anything in or related to this Risk Policy, please contact:

Bola Tobun – Finance Manager (Pension & Treasury)
London Borough of Enfield
E-mail - Bola.Tobun@enfield.gov.uk
Telephone – 020 8132 1588

Appendix A – Key Internal Control Measures		
Measures	Control Objective	Description of Control Procedures
Authorising and processing transactions	Benefits payable are calculated in accordance with the Regulations and are paid on a timely basis	<ul style="list-style-type: none"> ▪ Fully tested and regularly audited administration system for automated calculations. Checking of calculations and other processes is carried out. ▪ Procedures to ensure appropriate authority in place prior to processing payments.
Maintaining financial and other records	Member records are up-to-date and accurate	<ul style="list-style-type: none"> ▪ Annual and monthly reconciliation of information supplied by employers and administration records. Reconciliation of member movements ▪ Pensioner existence checks carried out every 2 to 3 years ▪ Members provided with annual benefit statements and asked to confirm if any details are incorrect
	All cash flows and transactions are recorded in the correct period	<ul style="list-style-type: none"> ▪ Accounting journals are automatically created as part of the workflow system. ▪ Regular bank reconciliations and cash flow forecasting are carried out ▪ The administration records and treasury/accounting records are regularly reconciled
Safeguarding assets	Member, employer and Fund information is appropriately stored to ensure security and protection from unauthorised access.	<ul style="list-style-type: none"> ▪ Password security in place and enforced ▪ Access to member and Fund data restricted to authorised personnel ▪ Member correspondence scanned and stored in secure systems
	Cash is safeguarded and payments are suitably authorised and controlled	<ul style="list-style-type: none"> ▪ Separate bank account maintained for the Fund ▪ Access controlled and authentication required. Cash movements recorded daily ▪ Regular bank reconciliations carried out and pensioner payroll reconciled each pay period

		<ul style="list-style-type: none"> ▪ Pensioner existence checks are carried out every 2 to 3 years, annually if overseas and all pensioners paid only by BACs.
	Investment purchases and sales are correctly recorded and valuations are correct	<ul style="list-style-type: none"> ▪ Regular reconciliation of information provided by fund managers and custodian and Fund's records ▪ Assets held separately from LB Enfield by Custodian. ▪ Only authorised individuals, within specified signing limits can instruct / disinvest funds. ▪ All investment/disinvestment instructions are drafted by investment managers and advice taken from Fund's investment advisers prior to authorisation and action
Monitoring compliance	Contributions are received in accordance with the Regulations and rate and adjustments certificate	<ul style="list-style-type: none"> ▪ Payment dates monitored against expected / due dates and late payments notified ▪ Employer contributions reconciled annually against Rates and Adjustments Certificate ▪ Member contributions regularly reconciled against pay data received ▪ Take up of the 50/50 option monitored and compared to contributions received ▪ Rates and Adjustments Certificate updated as required when exit valuations carried out
	Outsourced activities are properly managed and monitored	<ul style="list-style-type: none"> ▪ Monthly report provided by pension administration team or third party administrator, including a report on performance against the SLA. ▪ Monthly meetings between pension administration team, or third party administrator and Enfield Council officers and quarterly reporting to Pensions Policy and Investment Committee. ▪ All suppliers subject to regular review as part of tender and appointment process. ▪ Annual monitoring of suppliers at Pensions Policy and Investment Committee.

Reporting to stakeholders	<p>Reports to members and employers are accurate, complete and within required timescales</p> <p>Annual reports and accounts are prepared in accordance with regulations and guidance</p> <p>Regulatory reports are made if needed</p>	<ul style="list-style-type: none"> ▪ Detailed planning of annual benefit statement exercise and testing carried out in advance ▪ Timetable agreed for production of annual report and accounts, in consultation with auditors. Analytical reviews carried out regularly during the year. ▪ Policies in place to ensure all staff aware of regulatory requirements relating to whistleblowing, money laundering and bribery ▪ Reports to regulatory authorities such as SAB and DCLG provided in a timely manner.
Information technology	Access is restricted to authorised individuals and tightly controlled	<ul style="list-style-type: none"> ▪ Access to Council offices and IT systems restricted to authorised individuals. ▪ Password security protocols in place and enforced ▪ Any changes to user details or access rights require authorisation
	Appropriate measures are implemented to counter the threat from malicious electronic attach	<ul style="list-style-type: none"> ▪ Antivirus software used and updated regularly and firewalls in place ▪ IT security reviews carried out regularly by external experts ▪ Filters in place to manage email spam and viruses. Protocols in place to block certain emails (size or content)
	IT processing is authorised appropriately and exceptions identified and resolved in a timely manner	<ul style="list-style-type: none"> ▪ All IT processes documented and monitored ▪ Changes to systems can only be made by authorised staff
	Data transmission is complete, accurate, timely and secure	<ul style="list-style-type: none"> ▪ Secure file transfer protocols available for transmitting data externally ▪ Sensitive data transmitted via encrypted or password protected email ▪ All staff trained on data security protocols
	Measures are in place to ensure continuity Measures are in place to ensure continuity	<ul style="list-style-type: none"> ▪ Data and systems backed up regularly, retained off-site and regularly tested for recoverability ▪ Business continuity arrangements in place and regularly tested

	Physical IT equipment maintained in a controlled environment	<ul style="list-style-type: none"> ▪ IT infrastructure rooms protected against fire, power failure and unauthorised access ▪ Offset data centre has appropriate security measures in place ▪ IT asset register maintained ▪ Laptops and mobile devices encrypted or password protected
Maintaining and developing systems hardware and software	Development and implementation of new systems, applications and software or changes to existing systems are authorised, tested and approved	<ul style="list-style-type: none"> ▪ Project controls in place prior to agreeing system update ▪ Test administration system environment used for developing system updates ▪ Appropriate authorisation required before updates are made live after functionality and user acceptance testing
	Data migration or modification tested and reconciled back to data source	<ul style="list-style-type: none"> ▪ Change management procedures in place for any data migration or modification ▪ Scheme data reconciliations carried out as part of process
Recovery from processing interruptions	Data and systems are regularly backed up, retained offsite and regularly tested for recoverability	<ul style="list-style-type: none"> ▪ Servers are replicated to an offsite datacentre or backed up to tapes daily and taken to an offsite data storage facility. ▪ Recoverability testing is undertaken on a regular basis
	IT hardware and software issues monitored and resolved in a timely manner	<ul style="list-style-type: none"> ▪ Group IT Service Desk facility to log all incidents with prioritisation ▪ Service is monitored against Service Level Agreements
Appropriate governance	The Fund is managed with appropriate direction and oversight by the Pensions Policy and Investment Committee	<ul style="list-style-type: none"> ▪ Business plan in place and updates provided to each Pensions Policy and Investment Committee ▪ All key strategies and policies in place and regularly reviewed by Pensions Policy and Investment Committee ▪ Update reports to each Pensions Policy and Investment Committee highlighting progress against key objectives ▪ Risk management policy in place and regular updates to Pensions Policy and Investment Committee ▪ Local Pension Board in place and providing assistance with compliance





Colour	Risk Level
Green	Low
Yellow	Moderate
Brown	High
Red	Very High

Enfield Pension Fund Risk Register

Potential impact if risk occurred	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
Likelihood of risk occurring						

Risk Level	Impact	Probability	Risk Owners
Level 1	Insignificant	Rare	PTM Pensions & Treasury Manager
Level 2	Minor	Unlikely	PAM Pensions Administration Manager
Level 3	Moderate	Moderate	PPIC/PB Pension Policy & Investment Committee/Pensions Board
Level 4	Major	Likely	DoFC Director of Finance & Commercial
Level 5	Catastrophic	Almost Certain	CC Committee Clerk

Risk Register - Enfield Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
GOVERNANCE			
1	GOV1	Pension Fund Objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	8
2	GOV2	Frequent and/or extensive turnover of committee members causing a loss of technical and operational knowledge about the Fund and an inexperienced Committee/Board.	4
3	GOV3	Members have insufficient knowledge of regulations, guidance and best practice to make good decisions.	12
4	GOV4	Member non-attendance at training events.	8
5	GOV5	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	4
6	GOV6	Committee members have undisclosed conflicts of interest.	3
7	GOV7	The Committee's decision making process is too rigid to allow for the making of expedient decisions leading to an inability to respond to problems and/or to exploit opportunities.	4
8	GOV8	Known risks not monitored leading to adverse financial, reputational or resource impact.	4
9	GOV9	Failure to recognise new Risks and/or opportunities.	4
10	GOV10	Weak procurement process leads to legal challenge or failure to secure the best value for the value when procuring new services.	5
11	GOV11	Failure to review existing contracts means that opportunities are not exploited.	8

Risk No	Cat Ref	Risk	Risk Ranking
INVESTMENTS			
39	INV1	That the assumptions underlying the Investment and Funding Strategies are inconsistent.	4
40	INV2	That Fund liabilities are not correctly understood and as a consequence assets are not allocated appropriately.	6
41	INV3	Incorrect understanding of employer characteristics e.g. strength of covenant.	10
42	INV4	The Fund doesn't take expert advice when determining Investment Strategy.	5
43	INV5	Strategic investment advice received from Investment Consultants is either incorrect or inappropriate for Fund.	10
44	INV6	Investment Manager Risk - this includes both the risk that the wrong manager is appointed and /or that the manager doesn't follow the investment approach set out in the Investment Management agreement.	10
45	INV7	Relevant information relating to investments is not communicated to the Committee in accordance with the Fund's Governance arrangements.	4
46	INV8	The risks associated with the Fund's assets are not understood resulting in the Fund taking either too much or too little risk to achieve its funding objective.	10
47	INV9	Actual asset allocations move away from strategic benchmark.	12
48	INV10	No modelling of liabilities and cash flow is undertaken.	5
49	INV11	The risk that the investment strategy adopted by London CIV through fund manager appointments does not fully meet the needs of the Fund.	9

Risk Register - Enfield Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
GOVERNANCE			
12	GOV12	Weak process and policies around communicating with a scheme members and employers means that decisions are not available for scrutiny.	3
13	GOV13	Lack of engagement from employers/members means that communicating decisions becomes a "tick box" exercise and accountability is not real.	6
14	GOV14	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	5
15	GOV15	Failure to comply with guidance issued by The Pensions Regulator (TPR) and Scheme Advisory Board (SAB) resulting in reputational damage.	10
16	GOV16	Pension fund asset pooling restricts Enfield Pension Fund's ability to fully implement a desired mandate	10
17	GOV17	The Fund adopts and follows ill-suited investment strategy.	10

Risk No	Cat Ref	Risk	Risk Ranking
COMMUNICATION			
50	COM1	Members don't make an informed decision when exercising their pension options whilst employers cannot make informed decisions when exercising their discretions leading to possible complaints and appeals against the Fund	8
51	COM2	Communication is overcomplicated and technical leading to a lack of engagement and understanding by the user (including members and employers).	6
52	COM3	Employer doesn't understand or carry out their legal responsibilities under relevant legislation.	8
53	COM4	Apathy from members and employers if communication is irrelevant or lacks impact leading to uninformed users.	9
54	COM5	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	8
55	COM6	Lack of information from Employers impacts on the administration of the Fund, places strain on the partnership between Fund and Employer.	4

Risk Register - Enfield Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
LEGISLATION			
18	LEG1	Failure to adhere to LGPS legislation (including regulations, order from the Secretary of State and any updates from The Pension Regulator) leading to financial or reputational damage	10
19	LEG2	Lack of access to appropriate legislation, best practice or guidance could lead to the Fund acting illegally.	5
20	LEG3	Lack of skills or resource to understand complex regulatory changes or understand their impact.	8

Risk No	Cat Ref	Risk	Risk Ranking
ACCOUNTING			
21	ACC1	The Pension Fund Statement of Accounts does not represent a true and fair view of the Fund's financing and assets.	10
22	ACC2	Market value of assets recorded in the Statement of Accounts is incorrect leading to a material misstatement and potentially a qualified audit opinion.	10
23	ACC3	Internal controls are not in place to protect against fraud/mismanagement.	8
24	ACC4	The Fund does not have in place a robust internal monitoring and reconciliation process leading to incorrect figures in the accounts.	8
25	ACC5	Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	12
26	ACC6	Inadequate monitoring of income (contributions) leading to cash flow problems.	4
27	ACC7	Rate of contributions from employers' in the Fund is not in line with what is specified in actuarial ratings and adjustment certificate potentially leading to an increased funding deficit or surplus.	5
28	ACC8	The fund fails to recover adhoc /miscellaneous income adding to the deficit.	8

Risk Register - Enfield Pension Fund

Risk No	Cat Ref	Risk	Risk Ranking
---------	---------	------	--------------

ADMINISTRATION			
29	ADM1	Failure to act within the appropriate legislative and policy framework could lead to illegal actions by the Fund and also complaints against the Fund.	10
30	ADM2	Pension structure is undergoing review with a view to deliver a first class service	10
31	ADM3	Insufficiently trained or experienced staff leading to knowledge gaps	12
32	ADM4	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	5
33	ADM5	Failure to pay pension benefits accurately leading to under or over payments.	8
34	ADM6	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	8
35	ADM7	Not dealing properly with complaints leading to escalation that ends ultimately with the ombudsman	8
36	ADM8	Data protection procedures non-existent or insufficient leading to poor security for member data	10
37	ADM9	Loss of funds through fraud or misappropriation by officers leading to negative impact on reputation of the Fund as well as financial loss.	5
38	ADM10	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	10

Risk No	Cat Ref	Risk	Risk Ranking
---------	---------	------	--------------

FUNDING/LIABILITY			
56	FLI1	Funding Strategy and Investment considered in isolation by Officers, Committee and their separate actuarial and investment advisors	6
57	FLI2	Inappropriate Funding Strategy set at Fund and employer level despite being considered in conjunction with Investment Strategy.	8
58	FLI3	Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases.	8
59	FLI4	Processes not in place to capture or failure to correctly understand changes to risk characteristics of employers and adapting investment/funding strategies.	10
60	FLI5	Processes not in place to capture or review when an employer may be leaving the LGPS.	5
61	FLI6	Processes not in place to capture or review funding levels as employer approaches exiting the LGPS.	10
62	FLI7	Investment strategy is static, inflexible and does not meet employers and the Fund's objectives.	5
63	FLI8	Process not in place to ensure new employers admitted to the scheme have appropriate guarantor or bond in place.	5
64	FLI9	Level of bond not reviewed in light of change in employers pension liabilities.	8
65	FLI10	Processes not in place to capture or review covenant of individual employers.	8
66	FLI11	Processes not in place to capture and understand changes in key issues that drive changes to pension liabilities.	5

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
1	GOV1	Pension Fund Objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS.	<p>Objectives defined in the Funding Strategy Statement and approved by the Pensions Committee.</p> <p>The Committee has approved a mission statement which summarises the overarching objectives of the Fund.</p>	4	2	8	PPIC	Sep-21
2	GOV2	Frequent and/or extensive turnover of committee members causing a loss of technical and operational knowledge about the Fund and an inexperienced Committee/Board.	<p>The nature of Council appointees to the Fund means that there is likely to be annual turnover of appointments to the Pensions Committee. However, the Mayor and Full Council through Pensions Board has been made aware of the consequences of constant turnover of Pensions Committee members.</p> <p>A comprehensive training programme that is in line with CIPFA guideine/The Pension Regulator has been developed and is continously reviewed/updated.</p> <p>Training needs analyses undertaken annually to identify knowledge gaps and training programme adapted accordingly</p> <p>New members required to complete The Pensions Regulators public service toolkit modules as a minimum requirement.</p> <p>All members are encouraged to attend training events (internal/external) to ensure all have adequate knowledge to perform duties as trustees of the Fund.</p>	4	1	4	PPIC; PTM; DoFC	Sep-21

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
3	GOV3	Members have insufficient knowledge of regulations, guidance and best practice to make good decisions.	<p>Training needs analyses undertaken annually to identify knowledge gaps and training programme adapted as required.</p> <p>New members are required to complete The Pensions Regulators public service toolkit modules as a minimum requirement.</p> <p>All members are encouraged to attend training events (internal/external) to ensure all have adequate knowledge to perform duties as trustees of the Fund.</p> <p>Officers and advisers (statutory, independent, actuarial) are always present at meetings to provide guidance and assist Members through decision making process.</p>	4	3	12	PTM	Mar-18
4	GOV4	Member non-attendance at training events.	<p>A record of training events attended is a standing agenda item.</p> <p>The importance of attending training events is highlighted to all members at the annual introductory training event.</p> <p>The Committee also runs a series of internal training events which precede or are included on the Committee meeting agenda.</p> <p>Member training is reported as part of the Annual Fund report.</p>	4	2	8	PPIC	Quarterly

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
5	GOV5	Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties.	<p>Job descriptions are used at recruitment to appoint officers with relevant skills and experience. The recruitment process would have identified key knowledge/skills that the successful applicant would need to demonstrate that they possess before being offered a role.</p> <p>Training and improvement plans are in place for all officers as part of the Council's performance appraisal programme.</p>	4	1	4	DoFC	Dec-17
6	GOV6	Committee members have undisclosed conflicts of interest.	<p>Declaration of conflict of interest is a standing item on the agenda.</p> <p>All members of the Committee are required to complete an annual declaration of interest form.</p>	3	1	3	PPIC; CC	Quarterly
7	GOV7	The Committee's decision making process is too rigid to allow for the making of expedient decisions leading to an inability to respond to problems and/or to exploit opportunities.	<p>There are four Committee/Board meetings scheduled for 2017/18 municipal year.</p> <p>Where urgent decisions are required this can be done either by organising an additional meeting outside the scheduled meetings or canvassing opinions and votes electronically following dissemination of relevant information to Members.</p>	4	1	4	PPIC	Annually
8	GOV8	Known risks not monitored leading to adverse financial, reputational or resource impact.	The Committee to agree to have the risk register on the agenda for at least two meetings in a municipal year to include a review of all high risk items and a periodic review of risks by category of risk.	4	1	4	PPIC	Quarterly

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
9	GOV9	Failure to recognise new Risks and/or opportunities.	<p>Quarterly Committee/management meeting to identify new risks/opportunities.</p> <p>Attendance at regional and national forums to keep abreast of current issues and their potential impact on the Fund.</p>	4	1	4	PTM; PPIC	Quarterly
10	GOV10	Weak procurement process leads to legal challenge or failure to secure the best value for the value when procuring new services.	All procurement carried out in line with the Council's procurement rules and guidance. Expert legal and procurement advice sought where appropriate.	5	1	5	PTM	Periodically
11	GOV11	Failure to review existing contracts means that opportunities are not exploited.	The Pension Fund reviews contracts annually to ensure that the Fund receive good value. This include soft market testing where applicable to access opportunities that may benefit the Fund.	4	2	8	PTM	Annually
12	GOV12	Weak process and policies around communicating with a scheme members and employers means that decisions are not available for scrutiny.	<p>All Committee/Board minutes to be published within 10 days.</p> <p>Publication of pension fund annual report on the Council's and Fund websites.</p>	3	1	3	CC	Quarterly
13	GOV13	Lack of engagement from employers/members means that communicating decisions becomes a "tick box" exercise and accountability is not real.	<p>The Communications Strategy sets out how the Fund will engage with all stakeholders.</p> <p>Employees and employers are represented on the Pension's Committee and Board.</p>	3	2	6	PAM	Annually

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
14	GOV14	Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage	<p>Officers maintain knowledge of legal framework for routine decisions.</p> <p>The Council's legal team is involved in reviewing Committee papers and other legal documents.</p> <p>The Fund has engaged a team of experts (Independent Advisor, Actuary, Investment Consultant) that have highly degree of experience and knowledge about the LGPS and pension fund investments.</p>	5	1	5	PTM; DoFC; PPIC	Quarterly
15	GOV15	Failure to comply with guidance issued by The Pensions Regulator (TPR) and Scheme Advisory Board (SAB) resulting in reputational damage.	Guidance (included updates) issued by TPR and SAB is reported to the Committee and the Board with gaps identified and clear timetables to address weaknesses agreed.	5	2	10	PTM	Annually

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK

Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
16	GOV16	Pension fund asset pooling restricts Enfield Pension Fund's ability to fully implement a desired mandate	<p>The London CIV is planning to have as wide a range of mandates as possible and also that there will be a choice of manager for each mandate/asset class.</p> <p>The London CIV is planning to appoint investment managers to all asset classes that the Fund is currently invested in.</p> <p>The Fund will be able to retain mandates not currently appointed to by the London CIV and may invest in other pools if they have a desired mandate.</p> <p>The Fund has a seat on the Investment and Advisory Committee of the London CIV. One of the functions of this body is to recommend implementation of mandates.</p> <p>The Secretary of State has stated that where transfer of assets would result in significant loss to a Fund, then the assets should be retained under existing arrangements - this may provide an opportunity for the Fund to pursue a strategy that is dissimilar to the London CIV.</p>	5	2	10	PTM	Sep-21

Risk Register - Enfield Pension Fund

GOVERNANCE: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Controls/Mitigations	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
17	GOV17	The Fund adopts and follows ill-suited investment strategy.	<p>The Investment Strategy is in accordance with LGPS investment regulations and it takes into consideration the Funds liabilities and funding levels among other things.</p> <p>The Investment Strategy is documented, reviewed and approved by the Pensions Committee.</p>	5	2	10	PTM	Sep-20

Risk Register - Enfield Pension Fund

LEGISLATION: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
18	LEG1	Failure to adhere to LGPS legislation (including regulations, order from the Secretary of State and any updates from The Pension Regulator) leading to financial or reputational damage	Officers maintain knowledge of the LGPS legal framework for routine decisions. Use of tools available on the TPR website including the Public Service Toolkit and Scheme Advisory Board Model. The Council's legal team is involved in reviewing Committee papers and other legal documents. The Fund has engaged a team of experts (Independent Advisor, Actuary, Investment Consultant) that are highly degree of experience and knowledge about the LGPS and pension fund investments.	5	2	10	PPIC; PTM; DoFC	Quarterly
19	LEG2	Lack of access to appropriate legislation, best practice or guidance could lead to the Fund acting illegally.	Access to LGA material, use of specialist advisors, membership on national and regional forums and attending training presentation on impact and implementation of new legislation. Collaborative working with other Funds to assess requirement and impact of new legislation.	5	1	5	PPIC; PTM	Quarterly
20	LEG3	Lack of skills or resource to understand complex regulatory changes or understand their impact.	The Pension Administration Team is being restructured to ensure appropriately skilled staff are recruited and maintained.	4	2	8	PPIC; PTM; DoFC	Sep-21

Risk Register - Enfield Pension Fund

ACCOUNTING: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
21	ACC1	The Pension Fund Statement of Accounts does not represent a true and fair view of the Fund's financing and assets.	Qualified Accountant to produce the accounts using the most up to date Statement of Recognised Practice, Accounting Code of Practice, Disclosure Checklist and other relevant CIPFA training materials/publications. Attendance at Pensions Officers Group Meetings, Based on latest Code of Practice, robust in year (quarterly) monitoring / reconciliation processes. Draft Statement of Accounts and working papers reviewed by the Investment & Treasury Manager and the Chief Accountant.	5	2	10	PTM; DoFC	Sep-21

Risk Register - Enfield Pension Fund

ACCOUNTING: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Proba- bility	Overall Risk Rating	Respon- sibility	Timescale
22	ACC2	Market value of assets recorded in the Statement of Accounts is incorrect leading to a material misstatement and potentially a qualified audit opinion.	<p>Reconciliation undertaken between the book cost and market values to the custodians book of records recieved quarterly.</p> <p>Further reconciliation undertaken between the custodian and investment managers' records.</p> <p>All adjustments (including unrealised profits) will be posted into the general ledger so that accounts can be reported created directly from AGGRESSO.</p>	5	2	10	PTM	Sep-21

Risk Register - Enfield Pension Fund

ACCOUNTING: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
23	ACC3	Internal controls are not in place to protect against fraud/ mismanagement.	<p>The Internal Audit plan includes dedicated hours for pensions to the review of internal controls in relation to the management and accounting of the Pension Fund.</p> <p>The plan is designed on a risk basis, so that areas of high risk will be subject to more frequent internal audits.</p> <p>Pensions feed into the process by identifying areas where improvements are required.</p> <p>Recommendations from internal audits of processes and controls are implemented in a timely manner to reduce or remove identified risks.</p>	4	2	8	PTM; PAM	Sep-21
24	ACC4	The Fund does not have in place a robust internal monitoring and reconciliation process leading to incorrect figures in the accounts.	<p>A checklist of all daily, weekly, monthly and quarterly reconciliations is maintained to ensure that all tasks are completed in a timely manner.</p> <p>All reconciliations are independently reviewed and signed off by a second officer.</p> <p>Full reconciliation and interim accountants are prepared on a quarterly basis.</p>	4	2	8	PTM;	Sep-21

Risk Register - Enfield Pension Fund

ACCOUNTING: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
25	ACC5	Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	<p>Monitor numbers and values of transfers out being processed and report to PC on annual basis.</p> <p>Periodically promote the benefits of the LGPS and the flexibility now offered following the revisions to the LGPS in 2014.</p>	4	3	12	PAM; PTM	Sep-21
26	ACC6	Inadequate monitoring of income (contributions) leading to cash flow problems.	<p>Approximately 70% of total income to the Fund comes from contributions by the Council.</p> <p>Payment of contributions from employers is monitored on a monthly basis; including a full reconciliation between amount expected receipt and actual receipt.</p> <p>Late payers are identified and reported to the PC as part of quarterly pensions administration report.</p> <p>Late payers tend to be small employers in the scheme and such amounts will not have a significant impact on Fund's cashflow.</p> <p>Where non-payment relates to a large employer swift action is taken to chase payment.</p>	4	1	4	PAM; PTM	Quarterly

Risk Register - Enfield Pension Fund

ACCOUNTING: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
27	ACC7	Rate of contributions from employers' in the Fund is not in line with what is specified in actuarial ratings and adjustment certificate potentially leading to an increased funding deficit or surplus.	<p>Employers are sent employers contribution form at the start of each year and confirm the correct rates to be paid.</p> <p>Payment is monitored against expected payment quarterly. Where there are discrepancies, the employer is expected to make immediate payment to make up the shortfall - overpayments cannot be refunded.</p> <p>Employers making late payment are reported to the PC on a quarterly basis.</p>	5	1	5	PAM; PTM	Quarterly
28	ACC8	The fund fails to recover adhoc /miscellaneous income adding to the deficit.	<p>All expenditure incurred by the fund on behalf of employers is recharged. Invoices are itemised and all recoverable items are identified and charged back to the relevant employer.</p> <p>All income recoverable, including withholding taxes on investments are itemised in the custodian reports.</p> <p>We will monitor the recovery and timing of this to ensure the maximum amount is recovered in a timely manner.</p>	4	2	8	PTM;	Quarterly

Risk Register - Tower Hamlets Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
29	ADM1	Failure to act within the appropriate legislative and policy framework could lead to illegal actions by the Fund and also complaints against the Fund.	<p>Ensure staff are adequately trained.</p> <p>Appropriate checking processes.</p> <p>Professional advice. Close working with other Funds. Policies kept up to date and discussed at PC.</p>	5	2	10	PAM; PTM; DoFC	Ongoing
30	ADM2	Pension structure is undergoing review with a view to deliver a first class service	This risk will be reassessed once the restructuring of the pensions team has been completed and some time has passed for the structure to be embedded.	5	2	10	PTM; DoFC	Sep-21
31	ADM3	Insufficiently trained or experienced staff leading to knowledge gaps	<p>Training programme for staff including CIPD qualification in some places. Regular briefings and updates on LGPS changes from CIPFA and other training providers.</p> <p>This risk will be reassessed once the restructuring of the pensions team has been completed.</p>	4	3	12	PTM; DoFC	Ongoing
32	ADM4	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	<p>Pension administration system Altair is subject to daily software backups and off-site duplication of records.</p> <p>The business recovery plan once implemented allows the pension administration system to be run from an alternative site.</p>	5	1	5	PAM	Sep-21

Risk Register - Tower Hamlets Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
33	ADM5	Failure to pay pension benefits accurately leading to under or over payments.	<p>The pension administration system, Altair, allows for all pensioner benefits to be automatically calculated by the administration system.</p> <p>Pension benefits payments are double checked by another team member before payments released.</p>	4	2	8	PAM	Ongoing
34	ADM6	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	<p>Pension payroll system is subject to daily software backups and off-site duplication of records.</p> <p>The business recovery plan once implemented allows the pension administration system to be run from an alternative site.</p>	4	2	8	PAM	Ongoing
35	ADM7	Not dealing properly with complaints leading to escalation that ends ultimately with the ombudsman	<p>The Fund has an Internal Dispute Resolution Policy (IDRP) which has been approved by the Committee.</p> <p>In attempting to resolve any complaints by members, the IDRP will guide officers to ensure that due process is applied through out the process.</p>	4	2	8	PPIC; PTM; PAM; DoFC	Sep-21

Risk Register - Tower Hamlets Pension Fund

ADMINISTRATION								
Risk No	Cat Ref	Risk	Current Controls	Impact	Likelihood	Probability	Responsibility	Timescale
36	ADM8	Data protection procedures non-existent or insufficient leading to poor security for member data	<p>The Council's data protection policy is issued to and signed by all staff.</p> <p>The Council has in place a system that ensures pension fund data is sufficiently protected.</p> <p>Staff trained in data protection and regularly reminded of its importance.</p>	5	2	10	PTM; PAM	Sep-21
37	ADM9	Loss of funds through fraud or misappropriation by officers leading to negative impact on reputation of the Fund as well as financial loss.	Robust accounting checks and adherence with best practice including undertaking regular reconciliation of payments undertaken or received into the Fund.	5	1	5	DoFC; PTM	Quarterly
38	ADM10	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	<p>The selection process for recruiting officers is rigorous and focussed on the requirements of the role. Also detailed job descriptions/person specification are used to wittle down and appoint officers with the right level of skills, knowledge and experience.</p> <p>Training/Personal Development plans are put in place for each staff member following annual performance appraisal.</p>	5	2	10	PAM; PTM; DoFC	Ongoing

Risk Register - Enfield Pension Fund

INVESTMENTS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
39	INV1	That the assumptions underlying the Investment and Funding Strategies are inconsistent.	The Investment and Fund Strategies are reviewed and discussed at Pensions Committee. These Strategies are presented to Pensions Committee annually as part of the process of approving the Fund Annual Report. Close liaison between the Fund's actuary and strategic investment adviser.	2	2	4	PTM	Sep-21
40	INV2	That Fund liabilities are not correctly understood and as a consequence assets are not allocated appropriately.	Actuarial and Investment advice provided by qualified professionals and subject to peer review to ensure that it is fit for purpose.	3	2	6	PTM	Sep-21
41	INV3	Incorrect understanding of employer characteristics e.g. strength of covenant.	Actuarial and Investment advice provided by qualified professionals and subject to peer review to ensure that it is fit for purpose. A strength of covenant analysis is undertaken by the Fund along with employer profiling to assist the Fund to understand all employers in the Scheme. The actuary uses this information when contribution rates are being set triennially.	5	2	10	PTM	Sep-21
42	INV4	The Fund doesn't take expert advice when determining Investment Strategy.	The Fund currently utilises the services of Aon as Strategic Investment consultant to the Fund. Furthermore, the Fund employs the services of an independent adviser to assist with decisions around investments and investment strategy.	5	1	5	PTM; PPIC	Ongoing

Risk Register - Enfield Pension Fund

INVESTMENTS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
43	INV5	Strategic investment advice received from Investment Consultants is either incorrect or inappropriate for Fund.	The Fund employs the services of an Strategic Investment consultant, Aon, but has also engaged an independent adviser to challenge/confirm investment/investment strategy decisions. This model ensures that Investment advice is subject to peer review to ensure that it is fit for purpose.	5	2	10	PTM; PPIC	Sep-21
44	INV6	Investment Manager Risk - this includes both the risk that the wrong manager is appointed and /or that the manager doesn't follow the investment approach set out in the Investment Management agreement.	<p>Rigorous selection process in place to ensure that Fund appoints only the best investment managers based on available information during tendering of a new mandate.</p> <p>Expert professional advice provided by Strategic Investment consultant/Independent adviser supporting manager selection exercise. It is a requirement of the Fund that all Investment Managers are FSA registered.</p> <p>Where necessary specialist search managers will be engaged to assist investment manager selection. The Funds Custodian provides a manager performance monitoring service. The performance of all investment managers is also formally monitored and reported on a quarterly basis to the Committee.</p>	5	2	10	PTM; PPIC	Sep-21

Risk Register - Enfield Pension Fund

INVESTMENTS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
45	INV7	Relevant information relating to investments is not communicated to the Committee in accordance with the Fund's Governance arrangements.	The Pensions Committee receives formal quarterly reports on both the overall performance of the Fund and individual investment managers. Where appropriate members may be asked to utilise electronic decision making, such as, email to allow the Committee to make timely/urgent decisions relating to investment of fund assets.	4	1	4	PTM; CC	Sep-21
46	INV8	The risks associated with the Fund's assets are not understood resulting in the Fund taking either too much or too little risk to achieve its funding objective.	Full Investment Strategy review undertaken by Investment Consultant on triennial basis after triennial valuation with Annual/Ad-hoc Strategy reviews undertaken in intervening years to ensure the Strategy is still appropriate to achieve long term funding objectives.	5	2	10	PTM; PPIC	Sep-21
47	INV9	Actual asset allocations move away from strategic benchmark.	Asset Allocations formally reviewed as part of quarterly report to Pensions Committee and necessary action will be taken to correct imbalance that is over and above the tolerance threshold .	4	3	12	PTM	Sep-21
48	INV10	No modelling of liabilities and cash flow is undertaken.	Annual cash flow monitoring at Fund level undertaken by Investment & Treasury Manager and utilised to inform Investment Strategy to ensure that the Fund is always able to meet its liabilities as they fall due.	5	1	5	PTM	Sep-21

Risk Register - Enfield Pension Fund

INVESTMENTS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
49	INV11	The risk that the investment strategy adopted by London CIV through fund manager appointments does not fully meet the needs of the Fund.	<p>The Fund is a founding member of London CIV and is an active participant at all levels (Executive and Officer) of London CIV.</p> <p>Specifically, the Fund has representation at the Investment Advisory Committee and Officer's business meetings where strategies and fund manager appointments that align with the Fund's investment strategy are promoted.</p> <p>However, because the CIV has to reach consensus among its 32 members, there is a risk that the full complement of mandates in the Fund may not be replicated by London CIV.</p>	3	3	9	PTM	Sep-21

Risk Register - Enfield Pension Fund

COMMUNICATIONS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
50	COM1	Members don't make an informed decision when exercising their pension options whilst employers cannot make informed decisions when exercising their discretions leading to possible complaints and appeals against the Fund	Communication Strategy in place that outlines the most appropriate mode of communication and how the Fund will communicate with all stakeholders including its members and employers. Member provided with explanatory notes and guidance to enable them to make informed decision and given access to further pension support.	4	2	8	PAM; PTM	Sep-21
51	COM2	Communication is overcomplicated and technical leading to a lack of engagement and understanding by the user (including members and employers).	Members and Employers are provided with explanatory notes, factsheets, access to a pension help desk and a dedicated Communications Team. In addition the Fund's website provides a one stop shop for information about the Scheme and benefits.	3	2	6	PAM; PTM	Sep-21
52	COM3	Employer doesn't understand or carry out their legal responsibilities under relevant legislation.	Ensure information communicated to Employers is clear and relevant by using simple understandable wording. Where available use standard template/information from the LGPS employers association.	4	2	8	PAM; PTM	Sep-21
53	COM4	Apathy from members and employers if communication is irrelevant or lacks impact leading to uninformed users.	Ensure all communication and literature is up to date and relevant and reflects the latest position within the pensions environment including LGPS regulations and other relevant overriding legislation.	3	3	9	PAM; PTM	Sep-21

Risk Register - Enfield Pension Fund

COMMUNICATIONS: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
54	COM5	Employers don't meet their statutory requirements leading to possible reporting of breaches to the Pension Regulator.	Provide training to employers that is specific to their roles and responsibilities in the LGPS. Employer access to a portal with regular updates in line with legislation.	4	2	8	PAM; PTM	Sep-21
55	COM6	Lack of information from Employers impacts on the administration of the Fund, places strain on the partnership between Fund and Employer.	All forms available on our website and Employer has access to specialist support from Fund Officers.	4	1	4	PAM; PTM	Sep-21

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
56	FLI1	Funding Strategy and Investment considered in isolation by Officers, Committee and their separate actuarial and investment advisors	<p>Funding Strategy statement has explicit links to the investment strategy. Both the scheme actuary and the investment consultant advise Officers and the Committee and work in partnership to ensure that the two strategies are compatible.</p> <p>The Funding Strategy once ready is presented to Committee for final review and approval.</p>	3	2	6	PTM	Sep-21
57	FLI2	Inappropriate Funding Strategy set at Fund and employer level despite being considered in conjunction with Investment Strategy.	<p>Fund commissions stochastic modelling from the fund's actuary to test the likelihood of success of achieving desired returns to deliver the Fund long term objectives of being able to pay retirement benefits as they fall due. The actuary sets a high probability bar for future service return and also a deficit recovery plan that recovers funding shortfall in the most efficient manner.</p>	4	2	8	PTM	Sep-21

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
58	FLI3	Inappropriate Investment and Funding Strategy set that increases risk of future contribution rate increases.	The Investment and Funding Strategies are considered in tandem to each. The Actuary as part of the triennial valuation reviews the Funding Strategy to take account of outcomes from the triennial valuation and sets appropriate contribution rate for each employer in the Fund. Similarly, a comprehensive review of the Investment Strategy is undertaken following a triennial valuation to ensure that the Strategy is still fit for purpose - annual and ad-hoc reviews are also undertaken where opportunities present itself.	4	2	8	PTM	Sep-21
59	FLI4	Processes not in place to capture or failure to correctly understand changes to risk characteristics of employers and adapting investment/funding strategies.	Employer monitoring database developed and updated quarterly to capture key metrics that drive an employers' liabilities. Regular profiling of employers' characteristics to ensure that assumptions are still relevant and the Funding Strategy is fit for purpose.	5	2	10	PTM; PAM	Sep-21

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
60	FLI5	Processes not in place to capture or review when an employer may be leaving the LGPS.	Employer monitoring database developed and updated quarterly to capture key metrics that drive an employers' liabilities and status within the Fund. Contract dates for admitted bodies are monitored, so that officers are aware and able to identify employers that are due to leave the Scheme.	5	1	5	PAM; PTM	Sep-21
61	FLI6	Processes not in place to capture or review funding levels as employer approaches exiting the LGPS.	<p>Employer monitoring database developed and updated quarterly to capture key metrics that drive an employers' liabilities and status within the Fund.</p> <p>Contract dates for admitted bodies are monitored, so that officers are aware and able to identify employers that are due to leave the Scheme. Where an employer is admitted on a closed basis, this usually aligns with when the last active member on the employers payroll either retires or leaves the service of the employer.</p> <p>The Fund's actuary is notified of the need to calculate a cessation valuation 3 months before an employer is due to leave the Fund.</p>	5	2	10	PAM; PTM	Sep-21

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
62	FLI7	Investment strategy is static, inflexible and does not meet employers and the Fund's objectives.	<p>The investment strategy is constantly under review and updated to ensure that the Fund is able to meet its objectives.</p> <p>The Investment Consultant / Independent Adviser along with officers have regular meetings to review the investment strategy and present options to the Committee for approval.</p>	5	1	5	PTM	Sep-21
63	FLI8	Process not in place to ensure new employers admitted to the scheme have appropriate guarantor or bond in place.	<p>The Fund's admission agreement policy require potential admitted bodies to have a guarantor/bond in place.</p> <p>Where an admitted body is unable to secure a bond, such an employer would be required to provide a guarantor to indemnify the pension fund against any risk from the employer becoming insolvent.</p>	5	1	5	PAM; PTM	ongoing

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
64	FLI9	Level of bond not reviewed in light of change in employers pension liabilities.	<p>All new admissions into the Fund are required to have a bond taken out in the name of the Fund or provide a guarantor.</p> <p>The Fund Actuary undertakes a periodic review of employer profiles to assess the level of risk posed by individual employers to the Fund.</p> <p>The results of the employer profiling exercise is a factor in determining contribution rates for each employer in the Fund, so that the level of risk posed by an employer is commensurate with the rate of recovery of funding deficit.</p>	4	2	8	PAM; PTM	ongoing
65	FLI10	Processes not in place to capture or review covenant of individual employers.	<p>The strength of covenant of individual employers is assessed before they are admitted into the Fund.</p> <p>The strength of covenant is a significant factor when determining the terms of admission for a new admitted body to the Fund. Along with employer profiling the employer profiling, strength of covenant of each individual employer is assessed periodically by the actuary and Head of Pensions.</p>	4	2	8	PTM	Sep-21

Risk Register - Enfield Pension Fund

FUNDING/LIABILITY: RISK MANAGEMENT FRAMEWORK								
Risk No	Cat Ref	Risk	Current Controls	Impact	Probability	Overall Risk Rating	Responsibility	Timescale
66	FLI11	Processes not in place to capture and understand changes in key issues that drive changes to pension liabilities.	<p>The Enfield Pension Fund subscribes to a number of organisations that assists officers of the Scheme to keep abreast of development and changes to the Fund (including government legislation).</p> <p>Updates are received Local Authority Pension Fund Forum; CIPFA Pensions Network; London Pension Fund Forum. These forums/networks provide regular updates on all things local government pension and facilitates awareness of proposed or imminent changes to the LGPS or Investment regulations.</p>	5	1	5	PAM; PTM	ongoing

This page is intentionally left blank

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON THURSDAY, 26 NOVEMBER 2020****COUNCILLORS**

PRESENT Tim Leaver, Claire Stewart, Ergun Eren, Doug Taylor, Edward Smith and Terence Neville OBE JP

OFFICERS: Bola Tobun (Pensions and Treasury Finance Manager) and Clare Bryant (Senior Governance Officer)

Also Attending: Daniel Carpenter (Aon), and Joe Peach (Aon)

1**WELCOME AND INTRODUCTIONS (2 MINUTES)**

Councillor Tim Leaver (Chair) welcomed everyone to the virtual Microsoft Teams meeting.

Apologies for lateness were received from Councillor Claire Stewart.

The Chair noted the large presentations to the meeting in addition to important business items. Consequently, the time allocations given to items was challenging.

2**DECLARATIONS OF INTERESTS (3 MINUTES)**

Councillor Terry Neville declared a non-pecuniary interest as his nephew was a senior employee at CBRE.

3**MINUTES FROM THE LAST MEETING - 17 SEPTEMBER 2020 (5 MINUTES)**

AGREED the minutes of the meeting of 17 September 2020 were agreed.

Councillor Smith asked for actions relating to the cost saving report be circulated.

Councillor Levy took this opportunity to note that the monthly presentations on the Council's investments had been very useful.

4

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

KEY DEVELOPMENTS, ECONOMIC AND MARKET OUTLOOK (15 MINUTES)

The Committee received a verbal update from Daniel Carpenter from AON.

The update was going to focus on the fund investment managers which AON but it was decided that would be more appropriate under Part 2.

The update focused on market outlook for the next years and the following key points were made:

- The equity markets are performing strongly and have been for the last six months.
- the news of a potential vaccine for Covid-19 has meant there is a reduced risk in equity markets. News of a vaccine has also reduced the risks for investments next year and will benefit equity markets.
- The Asset Allocation Team have a neutral view on equity for a medium term prospective as there are still some factors to be considered such as the USA, Brexit, Covid-19 and vaccines. This does not mean that equity markets will increase.
- The UK is still in a low yield environment but it is thought this will increase from the news of vaccine.
- The Strategy Review will be happening next year but there remains a period of uncertainty.

Councillor Neville asked for a view on the UK's markets and investments based on the chancellors' announcement and how this will affect the Council. Daniel said that the UK market has been suffering more than other developed markets and the announcement could be beneficial. There is still a level of uncertainty around Brexit. The announcement yesterday was expected and the market did react. All asset classes will face challenges going ahead.

The Chair felt it would be useful to have a presentation on this in the future as it would be beneficial to the Committee. Daniel informed the Committee that a report will be shared from the Asset Allocation Team with the Committee alongside documents on the Strategy Review.

Councillor Taylor stated he understands the difficulty of predicting the markets, and asked whether there are any short term tactical things the Committee should be aware of, or doing, to put the fund in the best position. Daniel said there is not an opportunity to do this in the short hand but there is a detail paper in the agenda pack.

Councillor Smith raised concerns about property and offices which the Council invests about 6% into and felt it would be useful if the property market could be discussed at the next meeting. Commercial property is a long term investment and this will be reviewed during the Strategy Review. Property remains an attractive investment despite the uncertainties. Property has seen negative returns in the last 12 months.

5

ENFIELD PENSION FUND DRAFT ANNUAL REPORT 2019-20 (10 MINUTES)

The Pensions and Treasury Finance Manager spoke to this item and informed the Committee that she is still waiting for BDO to issue their progress report.

The full asset of the pension fund decreased by £34 million over the year and the closing net asset for this year is £1.15billion. The Council has been ranked by Perk in position ten in the league table as the return is minus 1.5. Despite this it appears the fund is still in a good position.

The custodian was asked to close this account early and the auditors have been informed.

Councillor Neville asked the whether this is the annual report that will go to pension fund members as he felt it is too long and too detailed. Bola informed the Committee it is a statutory requirement to include all the statements in the Annual Reports. This information will be published on the website.

Councillor Neville felt that the delegation of appointment and dismissal of fund managers should not be delegated to officers. Bola explained that the Council have delegated this to the Pension Policy and Investment Committee, not to officers. Councillor Taylor felt that this is a primary function of the Committee.

The Chair felt it would be beneficial for the summary note for pension fund members to be circulated to the Committee and noted at the next meeting.

Councillor Smith raised concerns about the Enfield's ranking by year 10 in this fund as it would drop to being ranked to 48 despite the Fund being predicted to continue to do well. Bola explained that the table shows past performance, not future performance. The table shows that performance has improved in the last ten years.

The Committee had a discussion on the Chair's foreword in the report and agreed the following:

- That the use of the word "transform" should be replaced with "realigned";
- That the word "production" in paragraph 4 should be replaced with "extraction";
- To change "has made a number of substantial changes" to "will make a number of substantial changes"; and
- To thank advisors as Committee and Board members.

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

The Committee **AGREED** the following:

- i. That delegation of appointment and dismissal of fund managers should remain a function of the Committee and not delegated to officers as set out in the report;
- ii. To delegate authority to the Executive Director of Resources, in consultation with the Chair, to make any final changes to the final accounts and approve the statement of account for 2019/20 reporting back any changes;
- iii. To note the contents of the report, and the Enfield Pension Fund ranking;

6

TRAINING AND DEVELOPMENT POLICY, MEMBER TRAINING NEEDS ANALYSIS AND TRAINING RECORD LOG (10 MINUTES)

The Pensions and Treasury Finance Manager reminded the Committee of the importance for members to attend training and webinars where ever possible as it is a requirement for the Committee to be knowledgeable on this subject area. The monthly sessions are used as part of this training.

The Chair informed the Committee that there is a training scheme available for members of this Committee to join and there is a need to formalise doing this training for auditing purposes.

Councillor Taylor felt the strategic allocation will be the next big task for the Committee and it would be useful for training on each allocation class and the risk and opportunities within these. This would demonstrate member expertise is aligned with strategic decision making. Bola will be arranging a training on this.

Councillor Smith asked who pays for training when it is external. The formal pensions government body for training is free but if required paid training can be arranged. Bola will circulate a link to all members of the Committee.

7

LGPS AND PENSION ADMINISTRATION UPDATE (10 MINUTES)

The Pensions and Treasury Finance Manager provided a verbal update. No new employers have left the fund since the beginning of the financial year and the vacancies within these teams have been filled.

Since the beginning of the financial year McCloud have been an issue. Enfield have set up a Team to look into this and it should cost 1% of the Fund to correct this.

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

Cyber security is being worked on and views are being sought from AON.

Work is taking place on Exit Pay which came into force on 4 November 2020 to look into how this regulation will affect the Enfield Pension Fund.

8

NATIONAL GUIDANCE AND REQUIREMENTS ON GOVERNANCE AND ENFIELD PENSION FUND GOVERNANCE REVIEW (10 MINUTES)

The Pensions and Treasury Finance Manager explained the paper is to show the current governance arrangement compared to the national guidance requirements. LGPS arrangements are reviewed to ensure conflict of interests, officers are doing well and it expected the Good Governance Project will come to an end shortly.

The requirements and best practise show that for Enfield, we do not currently have employees represented on the Committee and this may be needed in the future, and how this would work such as whether they would be a voting member etc.

The Committee do not debate this. They are involved in the process set out by the Council itself.

Councillor Taylor noted that Appendix 1 also had the conflict discussed in a previous item around delegations to officers which should stay with the Committee.

The Committee **NOTED** the report and asked for additional information on the engagement process and whether there would be the opportunity for the Committee to be involved.

9

VOTING AND ENGAGEMENTS UPDATE (10 MINUTES)

The Pensions and Treasury Finance Manager explained it would be useful to see how the pension managers are voting. This would be used to see how managers are voting in line with the LAPFF recommendations.

The Chair felt the format of these reports was unnecessary. There is only a need for the Appendix for this report, not the report itself. This would reduce the risk of the information being missed. This view was shared by the Committee.

The Committee **NOTED** the report and its contents, and **AGREED** to bring an update version of the report be brought to the next meeting.

10

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

DATES OF FUTURE MEETINGS

The Committee **NOTED** the dates for future meetings as set out on the agenda.

11

EXCLUSION OF PRESS AND PUBLIC

The Committee **AGREED** that in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the items listed on part two of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

12

QUARTERLY PERFORMANCE REPORT - 30 SEPTEMBER 2020 (5 MINUTES)

The Pensions and Treasury Finance Manager informed the Committee that the report provides an update and that all the funds have performed to target, except from Longview have provided negative returns. The Longview investment is held by the London CIV.

The chart under Asset Allocation shows Enfield's asset allocations by class, all of which will be reviewed as part of the Strategic Review. Enfield's cash assets will be reviewed as part of the Strategic Review which is hoped will start as soon as possible.

Councillor Smith raised that York Capital appeared to be under performing and asked what actions will now be taken. The Pensions and Treasury Finance Manager explained that Enfield is now out of this Fund and Enfield is waiting for the money back from their investments. This may take some time as they are paying Enfield back in stages to ensure Funds are sold for what they are worth.

The Chair flagged that the wrong variants are showed in the asset allocation table.

13

INVESTMENTS AND ASSET MANAGERS UPDATE (10 MINUTES)

The Pensions and Treasury Finance Manager summarised Adam Street Partners Global Fund and the ongoing legacy with this fund. Bola explained the cash flow investment and the consequence of not investing this money.

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

The Chair explained that if we continue with previous decision of this Committee, Enfield would get its money back but the decision is for the Committee to decide whether the Committee wishes to continue with this based on the returns and the sector it invests in.

Councillor Neville and Councillor Taylor felt the sectors (technology and healthcare) continue to be important sectors.

AON explained that despite this being a historic decision, investing in this Fund ensure diversification within the private equity funds. This would not compromise any strategy reviews.

The Chair explained that with Blackrock that there had been issues with the reference index and the investment that the Fund should be more in line with the Council's ESG. During the transition process with Blackrock it came to light that Blackrock are to evolve the ACS Low Carbon Target Index Fund.

Councillor Taylor reminded the Committee that at the last meeting with Blackrock they had an additional fund called Low Carbon Plus and requested some details on this. Bola informed the Committee that she has looked into the comparisons for this the fund performs well but the carbon intensity is worse than the other two funds focusing on MSCI.

AON stated that the new MSCI Index is not approved by the AON Research Team but so far, the research looks positive but this is un complete. The new Index does reduce fossil fuel use. They will report back to Bola on timescales on this.

The Committee agreed to bring the details on the LCIV Low Carbon Equity Fund to the next meeting.

The Committee **AGREED** to continue investing \$10million annually into the Adam Street Partners Global Fund subject to it fitting into the overall Strategy; and **NOTED** the new fund Blackrock is funding and agreed to bring this item back to January's meeting.

14

INVESTMENT STRATEGY REVIEW UPDATE (10 MINUTES)

AON provided a presentation on the Investment Strategy Review. This showed each stage of the Review and its timeline involving the Committee.

The Committee will start seeing outputs from the Strategy Review in January 2021. Councillor Taylor asked for there to be a substantial amount of time on the agenda at the next meeting for this.

It was agreed to hold a session on this which would not be a public meeting to discuss this.

15

PENSION POLICY & INVESTMENT COMMITTEE - 26.11.2020

LCIV QUARTERLY UPDATE (10 MINUTES)

Bola updated the Committee on an update on the LCIV. It has been proposed to have two managers for the LCIV, it is unclear at this stage how much of the Council's money this manager will be able to invest. This would result in an increase in fees but it has yet to be made clear how much this will be.

Bola asked for the Committee's view on the LCIV splitting the Council's money between the two managers, or whether the preferred option would be to come out of the Fund and look into alternatives.

The Chair felt it was important to support Bola on what is best for the Council's funds. Councillor Neville stated he was inclined to remove the money from the LCIV.

16

ANY OTHER BUSINESS (5 MINUTES)

There were no items under any other business.