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## **LOCAL PENSION BOARD**

**Wednesday, 9th March, 2022 at 10.00 am in the Conference Room,  
Civic Centre, Silver Street, Enfield, EN1 3XA**

### **Membership:**

co : Councillors Ahmet Oykenner, Sinan Boztas and Chris Dey

(Chair) 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 AND 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 PREVIOUS MEETING (Pages 1 - 4)**

To agree the minutes of the Local Pension Board meeting held on 3 February 2022.

#### **4. RESPONSIBLE INVESTMENT POLICY**

To receive a presentation with a verbal update on the responsible investment policy

#### **5. PENSION ADMINISTRATION PERFORMANCE, TEAM UPDATE AND LGPS UPDATE (Pages 5 - 20)**

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

**6. PENSION ADMINISTRATION RISK REGISTER** (Pages 21 - 26)

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

**7. EMPLOYEE CONTRIBUTIONS REPORT** (Pages 27 - 32)

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

**8. LCIV QUARTERLY UPDATE** (Pages 33 - 138)

The Enfield Pension Board are recommended to note the content of this report

**9. LAPFF QUARTERLY ENGAGEMENT UPDATE** (Pages 139 - 154)

The Pension Board are recommended to:

- a) Note the contents of this report;
- b) The issues discussed by LAPFF, set out in the Quarterly Engagement Report which is available on the LAPFF website:

[https://lapfforum.org/wp-content/uploads/2022/01/LAPFF\\_QER04\\_2022\\_Final.pdf](https://lapfforum.org/wp-content/uploads/2022/01/LAPFF_QER04_2022_Final.pdf)

**10. ENFIELD PENSION BOARD WORKPLAN FOR 2022/23** (Pages 155 - 166)

The Pension Board is recommended to:

- a) note the contents of this report; and
- b) note and approve the work plan for 2022/23 attached as Appendix 1.

**11. ENFIELD PENSION FUND BUSINESS PLAN AND BUDGET FOR 2022/23**  
(Pages 167 - 180)

Pension Policy and Investments Committee are recommended to:

- a) note the Business Plan attached as Appendix 1 to this report;
- b) note the Revenue Budget for 2021/22 and the cashflow forecast from operational activities for 2022/23 and 2023/24 attached as Appendix 2.

**12. PENSION POLICY AND INVESTMENT COMMITTEE MINUTES - 27 JANUARY 2022** (Pages 181 - 184)

To note the minutes and receive a verbal update.

**13. AOB**



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**LOCAL PENSION BOARD - 3.2.2022****MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 3RD FEBRUARY, 2022**

**PRESENT:** Pauline Kettless , Tracey Adnan, Alison Cannur, Bola Tobun, Chris Emerson (Aon) and Cllr Chris Dey

**1. WELCOME & INTRODUCTION**

The Chair welcomed members to the meeting.

**2. DECLARATION OF INTERESTS**

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

Cllr Chris Dey declared his mother in a member of the teachers pension scheme.

**3. MINUTES OF THE PREVIOUS MEETING**

Minutes of the previous meeting were agreed with item 4 point 4 changed to prudential performance.

**4. ACTUARIAL VALUATION PROCESS**

Chris Emerson (Aon), presented this item and highlighted the following points:

- The background rules for the process are set out in LGPS regulations and guidance.
- The strategy used is approved by the committee and must be consulted on by such persons as its considered appropriate, which can be the employers of the fund. The document is reviewed at least every 3 years.
- The annual accounting valuation has no impact on the contributions you will pay. It is done for the purposes of your accounts.
- Regulation requires us to build in prudence into the calculation of liabilities.
- The Enfield pension fund has set a target to have an 80% chance of having enough money when it is needed. A 3% drop in the contributions was recommended from Enfield as an employer.
- The impact of Covid saw an excess of 104,000 deaths above the expected from previous data
- Intervaluation monitoring has shown the position has improved dramatically over the last few years. It shows we are likely to be at 113% funded.
- Section 13 gives an indirect analysis to central government confirmation that no individual fund is risky. Enfield's position has no

## **LOCAL PENSION BOARD - 3.2.2022**

amber or red flags. There is one white flag, Aon do not completely agree with this, but it does not seem to have any impact.

### **5. PENSION ADMINISTRATION PERFORMANCE**

Tracey Adnan presented this item and highlighted the following points:

- The September 2021 CPI rate announced has been confirmed at 3.1% from 11<sup>th</sup> April 2022. This is with the payroll team who will apply it to pensioners.
- The prudential is still being monitored and the AVC statement has been received which has gone to the pension's ombudsman. There have been letters of concerns raised, it will be monitored and if necessary, will bring back to the board.
- SF3 national stats show we have never had such high membership levels. There has been a decrease in the number of retirees and auto enrolment has helped the numbers rise.
- Annual benefit statements new requirements don't affect the public sector. It is aimed to get these out by May.
- We are seeing more people affected by the annual allowance, as a result more people are coming out of the scheme.
- The pensioner self-service has been launched and are looking at developing this. The teachers pension get a report every month for who hasn't set up online.

#### **ACTION:**

- To bring SF3 stats to the next meeting.

### **6. PENSION ADMINISTRATION RISK REGISTER**

Bola Tobun, Finance Manager, confirmed that the benefit statement has gone out.

There are no queries.

### **7. EMPLOYER CONTRIBUTIONS REPORT**

The board noted the report.

The contributions were received on the due date and there are no further issues.

### **8. LCIV QUARTERLY UPDATE - PART 2**

Following part 2 discussion, the board noted that they found this it to be comprehensive and interesting and would like to be kept updated on this.

### **9. LAPFF QUARTERLY ENGAGEMENT UPDATE**

LAPFF have continued to engage of fossil fuel issues, climate change and human rights. All the companies they engage with are listed in the report.

**LOCAL PENSION BOARD - 3.2.2022**

The Chair Pauline Kettless commented it would be useful to have an update on the response from those awaiting one and if there is any further engagement or other improvements

**ACTION:** To receive update on responses from companies LAPFF engaged with.

**10. ANNUAL REPORT OF ENFIELD PENSION FUND**

The auditors have not issued the statement for the 2019/20 report.

**ACITION:** To report at next meeting if report has been reviewed. The report does not need to be included.

**11. PENSION POLICY & INVESTMENT COMMITTEE MINUTES**

The Pension, Policy & Investment committee are working on the responsible investment strategy. They meet every month.

AGM will be held on 10<sup>th</sup> March.

The board noted they were pleased to see there will be two non-voting members on the committee.

**ACTIONS:**

- To send invite of the next PPIC meeting to Pauline Kettless.
- To update the cost transparency of fund managers at the next meeting.

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Agenda Item: 4

## **Local Pension Board**

**Meeting Date: 9.03.2022**

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**Subject: Pension Team Update Report**

**Cabinet Member: Cllr Maquire**

**Executive Director: Fay Hammond**

**Key Decision: n/a**

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### **Purpose of Report**

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

### **Proposal**

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

### **Reason for Proposal**

3. The Local Pension Board is responsible for ensuring that the Enfield Administering Authority complies with LGPS regulations and associated legislation as well as adhering to requirements as set out by The Pensions Regulator.
4. To assist members of the Local Pension Board with their role and responsibilities, the Pension Team are required to provide regular updates.

### **Updates**

#### **5. Pension Increase confirmed**

HM Treasury has confirmed that LGPS pensions in payment will increase from 11<sup>th</sup> April 2022 by 3.1%, in line with CPI inflation rate as at September 2021. The 3.1% increase will not apply to pensions which are less than a year old. These pensions will receive a pro-rata increase.

Active LGPS CARE accounts will increase on 1<sup>st</sup> April 2022 by 3.1%.  
Active CARE accounts in the other public service schemes will increase as follows:

- Police Pension Scheme: 4.35%
- Firefighters' Pension Scheme: 4.1%

- Civil Service Pension Scheme: 3.1%
- NHS Pension Scheme: 4.6%
- Teachers' Pension Scheme: 4.7%
- Armed Forces Pension Scheme: 4.1%
- Judicial Pension Scheme: 3.1%

The Government expects to make the annual revaluation orders in March 2022.

Please refer to Appendix 1 for more information.

## 6. Contributions Banding

The employee contribution bands (2022/23) effective from 1<sup>st</sup> April 2022 have been issued. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figure of 3.1%, rounding down to the result to the nearest £100.

Contribution table for England and Wales 2022/23.

<b>Band</b>	<b>Actual pensionable pay for an employment</b>	<b>Main section contribution rate for that employment</b>	<b>50/50 section contribution rate for that employment</b>
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

### 7.1 Prudential AVC update

The Prudential have now issued their 2021 annual benefit statements to scheme members.

Regulation 17(7) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, confirmed that such statements must be given within 12 months of the end of each scheme year (i.e. by 31 March 2022).

A delegation from the Prudential attended a meeting with the LGPS Scheme Advisory Board (SAB) on 13<sup>th</sup> December 2021 in response to

concerns expressed by the Board on behalf of scheme stakeholders about the Prudential's performance and poor level of communication.

The Prudential explained that migration to a new platform coupled with the disruption of normal working arrangements caused by the Covid epidemic had resulted in a performance level below an acceptable standard. The Board was assured that performance in key areas such as servicing updates and client customer support has improved and will continue to do so as new working arrangements and training of new staff unfolds.

The Prudential agreed to work with the Secretariat to formulate communications for scheme stakeholders.

The Pension Team will continue to monitor the situation and report on progress.

## **8. Driving Good Governance in the LGPS**

It is anticipated this year, that the Department of Levelling Up, Housing and Communities (DLUHC) will progress recommendations from the Good Governance project and consult on formal guidance.

Area's will include:

- Conflict management policies
- Enhanced governance compliance statements
- Development of effective scheme member and employer representation policy
- Regular independent assessment of governance arrangements
- Delivery of training plan for all key individuals

Please refer to Appendix 2 for more information.

## **9. Office for National Statistics (ONS) population projections**

The latest national population projections were issued by the ONS in January and are the first to include COVID-19 data. The inclusion of some of the 2020 and 2021 data will take account of the large number of COVID-19 related deaths in the first 18 months of the pandemic.

Very limited allowance has been made for the lingering after-effects of the pandemic which could have a greater impact on long term mortality trends. The projections largely consider the pandemic as "two lost years" for mortality improvements, with 2022 resuming where 2019 left off.

## 10. McCloud Update

### **Amendments tabled to the Public Service Pensions and Judicial Officers (PSPJO) Bill**

The Government tabled further amendments to the PSPJO Bill on 21<sup>st</sup> January 2022. In summary, the amendments relevant to the LGPS are set out below:

- Redefine “remediable service” so it also potentially covers members who were not in pensionable service, in a relevant public service pension scheme on 31<sup>st</sup> March 2012 but who were in such service before then.
- Extend the types of schemes where, pensionable service would not count as a disqualifying break.
- Allow regulations to provide final salary benefits for transferred in service from different public service schemes where the service benefitted from final salary protection in the other scheme.
- Allow regulations to restrict service between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2022 from having final salary protection unless the member transferred in or aggregated previous service.
- Allow regulations to make provision adjusting pension credits and debits to reflect the McCloud remedy
- Allow regulations to make provision about teachers who qualified for the LGPS.
- Make provisions in relation to compensation and interest payments.

The Bill is at the Committee stage in the House of Commons. The first sitting was on 27<sup>th</sup> January 2022.

Please refer to Appendix 3 for more information.

## 11. DWP launch second review of State Pension age

The review was launched on 14<sup>th</sup> December 2021. It will consider if the State Pension age (SPa) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review SPa and for the latest review to be published by 7<sup>th</sup> May 2023.

Two independent reports will be commissioned as part of the review:

- The Government Actuary will provide a report assessing the appropriateness of SPa considering the latest life expectancy

projections

- Baroness Neville-Rolfe will provide a report on other relevant factors including recent trends in life expectancy and other metrics. Evidence from across the UK will be considered in the review.
- Please refer to Appendix 4 for more information.

## 12. **Pensions Dashboard Programme update**

- a) The DWP recently launched a consultation on the draft Pensions Dashboards Regulations. The closing date is 13<sup>th</sup> March 2022.
- b) The Pensions Dashboards Programme (PDP) recently published a blog called 'Supporting a market for pensions dashboard providers'. The blog sets out PDP's aim to grow the dashboard provider market and the benefits of multiple dashboards. The blog also signposts potential dashboard providers to information and asks them to register their interest.

The PDP also published a report from Ipsos Mori on 25<sup>th</sup> January 2022. Ipsos Mori was commissioned to undertake qualitative research on the attitudes of potential dashboard users, their circumstances, behaviours and views of the dashboard concept. On the same day, Rita Patel, Lead Analyst for the PDP, published a blog summarising the report's main findings, which are:

- respondents reacted almost uniformly positively to the concept of dashboards
- respondents expect to see value information, both accrued and projected
- a find-only dashboard, which located pensions without displaying values, was of limited appeal
- a phased or partial service could negatively affect dashboards' reception
- dashboard users need to know what the service can and cannot do for them, as well as having clear signposting of government backing, in order to increase trust in its security.

Please refer to Appendix 5 for more information.

## 13. **DLUHC consultation on Oasis consolidation**

On 9<sup>th</sup> December 2021, the DLUHC started a second consultation on the proposed consolidation of Oasis multi-academy trust into one LGPS fund. Oasis currently participate in 16 LGPS funds including the Enfield Fund.

An initial consultation took place between 1<sup>st</sup> and 30<sup>th</sup> June 2021. A second consultation is taking place to allow those affected by the proposal more time to consider and respond. The consultation is only open to those

bodies appearing to be affected by the proposed consolidation. It closes on 17<sup>th</sup> February 2022.

Total of Oasis members in the Enfield Fund;  
Active members – 384  
Deferred members – 255  
Short service leavers -151  
Pensioners - 38

Bola Tobun is leading the consolation on behalf of the Enfield Fund.

#### 14. **HMRC – Managing Pension Schemes**

HMRC published Pension Scheme Newsletter 136 on 17<sup>th</sup> January 2022. The newsletter gives several important updates on the Managing Pension Schemes service, such as:

- when the feature for migrating pension schemes will be made available on the service
- plans to allow administrators to import data directly from spreadsheets when compiling Accounting for Tax returns
- what administrators should be doing to start preparing to migrate schemes to the service
- when administrators will no longer be able to compile and submit Accounting for Tax returns on the Pension Schemes Online service.
- information about the plans to increase the normal minimum pension age from 55 to 57 on 6<sup>th</sup> April 2028
- reminding scheme administrators, dealing with overseas transfers to check that the receiving scheme meets the conditions to be a recognised overseas pension scheme, and
- proposed changes to the scheme pays reporting deadlines.

Please refer to Appendix 6 for more information

#### 15. **The 2019 Section 13 report**

This report relates to LGPS fund valuations in England & Wales as at 31<sup>st</sup> March 2019 and was issued by the Governments Actuary's Department (GAD) in December 2021.

The purpose of this report was to consider issues of compliance, consistency, solvency and long-term cost efficiency across the various LGPS funds.

GAD) published its report on the 2019 LGPS valuations in England and Wales, prepared under Section 13 of the Public Service Pensions Act 2013.

Whilst this is a long, and in places rather technical report, there are two key points for English & Welsh funds to note:

- Looking back: this report publicly identifies where your Fund sits relative to its peers on a number of metrics;
- Looking forward: the report also identifies a number of areas which may affect the outputs of the 2022 actuarial valuations.

Please refer to Appendix 7 for more information

#### 16. **New Local Government Association (LGA) website**

The LGA are in the final stages of producing a new website for members of the LGPS in England and Wales. The existing tools will be replicated on the new site, though revamped to make them more user-friendly and accessible. Users will see improved accessibility across the site, in both design and readability. The LGA will contact all administering authorities when they have a confirmed launch date. They will also supply new branding guidelines that will help funds to implement them in our own publications.

The address of the website will not change – [www.lgpsmember.org](http://www.lgpsmember.org). The addresses of other pages will change but users who attempt to visit an old page will be redirected to the corresponding page on the new site.

Administering authorities will need to consider updating any direct links to individual pages on the national website that they include in member correspondence, guides or websites when the new site goes live.

#### 17. **The Pension Regulator – Protecting Savers**

Charles Counsell, Chief Executive at TPR, published a blog called 'Protecting savers in 2022: disrupting crime, managing climate risk and embracing diversity' on 24 January 2022. The blog sets out what 2022 will bring to workplace pensions, including TPR's plans for the year.

Please refer to Appendix 8 for more information

#### 18. **The Pension Regulator (TPR) encourages schemes to report pension scams**

On 18<sup>th</sup> January 2022, TPR published a press release relating to pension scams. TPR believe that too few schemes are reporting suspected pension scams. Nicola Parish, TPR's Executive Director of Frontline Regulation, said:

“We’ve seen little evidence that the pensions industry is reporting its suspicions and this lack of data makes it difficult to accurately determine the scale of the problem and put in place successful interventions”.

Please refer to the ‘Avoid Pension Scams’ page of TPR’s website for information on how to report suspected scams.

Please refer to Appendix 9 for more information

**19. Refreshed training for board members**

On 27<sup>th</sup> January 2022, the CIPFA announced that it had partnered with pension management services, Isio to refresh its current training and support programme for LGPS pension board members. CIPFA expects to hold the first event of the programme re-launch in London in May 2022.

Please refer to Appendix 10 for more information

**20. National LGPS Frameworks News Bulletin Edition 6**

The National LGPS Frameworks has recently published News Bulletin Edition 6.

The bulletin includes articles on:

- new frameworks for 2022
- developments in 2021
- looking for volunteers to be founders for the next framework on legal services.

Please refer to Appendix 11 for more information

**21. National LGPS Technical Group minutes**

On 17<sup>th</sup> December 2021, the LGA published the minutes of the National LGPS Technical Group meeting held on 7<sup>th</sup> December 2021.

Topics discussed included:

- McCloud preparations
- Pensions Dashboards
- The Conditions for Transfers Regulations 2021 and the impact on administering authorities processes and communications
- Standard process and communications for administering authorities to use when they receive a data subject access request
- Agreement to produce an historical timeline of pension scam information to help administering authorities deal with transfer out complaints
- The decision not to recommend changing the LGPS regulations to include emoluments for electric vehicles as pensionable



- An update about the poor level of service from Prudential.

The next meeting will be held on 11<sup>th</sup> March 2022.

Please refer to Appendix 12 for more information

## 21. **Stronger Nudge to pensions guidance**

The DWP responded to the consultation 'Stronger Nudge to pensions guidance' on 17<sup>th</sup> January 2022.

On the same day, the DWP laid before Parliament the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022.

The regulations come into force on 1<sup>st</sup> June 2022.

The regulations will require LGPS administrators to give to their members, in certain cases, a stronger nudge to Pension Wise guidance.

Administering authorities will need to give provide a stronger 'nudge' to Pension Wise guidance when they receive a members Additional Voluntary Contribution (AVC) application or on or after 1<sup>st</sup> June 2022. The regulations also apply to applications from members aged 50 or over to transfer out their AVCs.

Giving the stronger nudge means that administering authorities must, as part of the application process:

- offer to book a Pension Wise appointment on behalf of the member
- where the member accepts, take reasonable steps to book the appointment
- where the member does not accept the offer, or where the authority is unable to book the appointment despite having taken reasonable steps, give details to the member of how to book an appointment themselves
- explain to the member that the authority cannot proceed with the application unless the member has attended the appointment and confirmed this to the authority, or has opted out of attending an appointment, and
- explain to the member that they can only opt out in respect of the application by giving (either verbally or in writing) a notification to the administering authority. The member may only give the notification in a separate communication made solely for that purpose (such as a separate phone call, or separate digital / postal form)

There are some exceptions to the above rules. For example, where the application is to transfer AVCs, the member does not have to give the notification opting out of attending an appointment in a separate communication that is for this sole purpose.

Administering authorities must keep a record of whether, in respect of an application, the member attended a Pension Wise appointment or opted out of attending one. The authority will also need to keep other records where the member was allowed to opt out in a communication which was not for that sole purpose.

The Pensions Regulator, in its 'Why it's time for trustees to Pension Wise up' blog, confirmed that it will give guidance before 1 June 2022 to help schemes prepare for the changes.

Please refer to Appendix 13 for more information

## **22. LBE Administration work priorities**

The Pensions Team has recently introduced new software called 'Insights', which provides more effective reporting functionality.

A pre-valuation meeting has been held with AON to confirm timelines for work delivery of the triennial valuation.

The Team are working with Scheme Employers and their payroll providers to move away from manual data upload to Heywood's automated system called iconnect. This automation will greatly improve data quality.

The Team are developing further aspects of Member Self Service (MSS) to allow members to update their records and transfer information between the member and the Team.

The Team are currently embarking on the implementation of their training plan in order to effectively train and develop new members of staff as well as cross training current staff in order to create a flexible work force.

## **23. The Local Government Association Conference, Bournemouth – Hyman notes**

The conference covered the following area;

- Pensions in the 21st Century,
- How your (SAB) levy is spent
- Divest Now?
- The Scheme member's view
- Panel session – Valuation 2022
- Stewardship code 2020
- Investment outlook

Of direct interest to the administration side of the pensions team;

## **Cyber security and scams**

Across all pension schemes (not just LGPS) the number of schemes impacted by a cyber incident has increased from 3% in 2019 to 7% in 2021. That would equate to around 7 LGPS funds being affected.

## **McCloud and general outlook**

The McCloud timetable has Regulations completed by the summer 2022 recess with final guidance published in winter 2022/23. It is likely that the remedy regulations will not come into force until October 2023 (instead of April 2023).

It was noted that the aggregations window (linking records) is likely to be re-opened as part of the McCloud remedy

## **Legal Update**

The Single Code of Practice is expected to come into force in spring 2022. Funds will then have 12 months to complete their first Own Risk Assessment. It is unlikely to change much from the draft, so there is much which Funds can be doing to prepare, including 'gap' analysis.

New legislation on transfers and scams from DWP in effect from November 2021. Places more responsibility on Committee and Board members with transfers to non-public sector schemes being more arduous for administering authorities to verify.

There are red and amber flag criteria for administering authorities to follow. Where administrators do not have enough evidence to make a judgement, they need to refer members to the MaPS.

The current focus on simple Annual Benefit Statements for DC schemes may be applied to DB and the LGPS

Please refer to Appendix 14 for more information

## **24. In brief, for info**

The Police Superintendents' Association (PSA) is heading to the Court of Appeal in a bid to prevent proposed changes (in connection with the McCloud age discrimination ruling) to public service pension schemes being implemented in April, after the High Court previously dismissed a judicial review claim.

A judicial review is expected to take place during the summer of 2022 on the Government's decision to replace the Retail Prices Index (RPI) with the housing cost-based version of the Consumer Prices Index, known as CPIH, from 2030.

A recent [TPR blog](#) includes a comment that the 2nd consultation on the draft single Code will now be launched in the late summer of 2022.

Please refer to Appendix 15 for more information

## 25. Key performance Indicator (KPI's)

QUARTER 3 - 01/10/2021 TO 31/12/2021				
Process	No. of cases commenced in quarter	No. of cases completed in quarter	No. cases outstanding at quarter end	% completed in quarter
Key Performance Indicators				
Process	KPI	Good Practice Requirement	No of cases completed outside of GRP	
Deaths – letter notifying amount of dependants pension	31	2 Months	8	74.19%
Retirements – letter notifying estimate of retirement benefits	70	2 Months	11	84%
Retirements – letter notifying actual retirement benefits	87	2 Month	20	77%
Transfers in/out - letter detailing transfer quote	88	2 Months	20	77%
Refund – process and pay a refund	26	2 Months	0	100%
Divorce quote - letter detailing cash equivalent value and other benefits	7	2 months	4	43%
Divorce settlements – letter detailing implementation of pension sharing	0	3 Months	0	n/a
Joiners – notifications of date of enrolment	453	2 Months	0	100%
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 of cases outside of GPR	% completed in quarter
ABS – Communication responding to members query	5	0	0	100%
50/50 - form processed	2	0	0	100%
Additional Service quotes	11	0	0	100%
Opt Outs - request processed	66	0	0	100%
Additional Service quotes	0	0	0	n/a
Additional Pension Contribution (APC) - Request processed	1	0	0	100%
Additional Voluntary Contribution (AVC) - Request processed	23	0	1	96%
General Altair System Amendments ( address / nomination etc)	241	0	0	100%
Miscellaneous	761	0	11	99%
Guaranteed Minimum Pension (GMP) notifications	34	0	0	100%
Leaver ( - 2 years + 14 service)	55	0	0	100%
Leaver ( - 2 years - 14 service)	0	0	0	n/a
Frozen Refund Calculations	74	0	1	99%
Deferred	195	0	8	96%
Amalgamation (internal transfers)	0	0	0	n/a
Transfer In Authorisation form	23	0	1	96%
Transfer In - IFA Estimate	3	0	0	100%
Transfer In - IFA Actual	0	0	0	n/a
Transfer In - Non LGPS - Estimate	3	0	0	100%
Transfer In - Non LGPS - Actual	1	0	0	100%
Transfer Out - IFA Estimate	60	0	13	78%
Transfer Out - IFA Actual	29	0	13	55%
Transfer Out - Non LGPS - Estimate	22	0	7	68%
Transfer Out - Non LGPS - Actual	0	0	0	n/a
Annual Allowance ( one off yearly project)	0	0	0	n/a

### **Main Considerations**

26. No main considerations arising from the report.

### **Safeguarding Implications**

27. No Safeguarding implications arising from the report.

### **Public Health Implications**

28. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the Borough

### **Equalities Impact of the Proposal**

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

### **Environmental and Climate Change Considerations**

30. There are no environmental and climate change considerations arising from the report

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

31. The Pension Team risk register is attached to this report

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

32. The Pension Team risk register is attached to this report

### **Financial Implications**

33. There are no financial implication to report

### **Legal Implications**

34. The amended Admissions Policy drafted by the Council's actuaries Aon adhere to the LGPS Regulations 2013.

### **Workforce Implications**

35. There are no workforce implications to report

### **Property Implications**

36. There are no property implications arising from this report

**Other Implications – None**

**Options Considered – none**

**Conclusions – None**

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**Report Author:** Tim O'Connor  
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## **Appendices**

### **Appendix 1**

#### **CPI rate confirmed**

<https://questions-statements.parliament.uk/written-statements/detail/2022-01-20/hcws548>

### **Appendix 2**

#### **Driving Good Governance in the LGPS**

Hymans video link <https://vimeo.com/672375949>

### **Appendix 3**

#### **McCloud Update**

[https://publications.parliament.uk/pa/bills/cbill/58-02/0211/amend/public\\_rm\\_pbc\\_0121.pdf](https://publications.parliament.uk/pa/bills/cbill/58-02/0211/amend/public_rm_pbc_0121.pdf)

<https://bills.parliament.uk/bills/3032>

### **Appendix 4**

#### **DWP launch second review of State Pension age**

<https://www.gov.uk/government/news/second-state-pension-age-review-launches>

## **Appendix 5**

### **Pensions Dashboard Programme update**

<https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022>

<https://www.pensionsdashboardsprogramme.org.uk/2022/01/11/supporting-a-market-for-pensions-dashboard-providers/>

## **Appendix 6**

### **HMRC – Managing Pension Schemes**

<https://www.gov.uk/government/publications/pension-schemes-newsletter-136-january-2022/pension-schemes-newsletter-136-january-2022>

## **Appendix 7**

### **The 2019 Section 13 report**

<https://www.gov.uk/government/publications/local-government-pension-scheme-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2019/lgps-england-and-wales-section-13-report-31-march-2019-executive-summary>

## **Appendix 8**

### **The Pension Regulator – Protecting Savers**

<https://blog.thepensionsregulator.gov.uk/2022/01/24/protecting-savers-in-2022-disrupting-crime-managing-climate-risk-and-embracing-diversity/>

## **Appendix 9**

### **The Pension Regulator encourages schemes to report pension scams**

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/failing-to-report-scams-is-a-failure-to-protect-savers-says-tpr>

<https://www.thepensionsregulator.gov.uk/en/pension-scams>

## **Appendix 10**

### **CIPFA partners with Isio to refresh its training for board members**

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-and-isio-partner-to-deliver-training-to-lgps-pension-board-members>

## **Appendix 11**

### **National LGPS Frameworks News Bulletin Edition 6**

<https://lgpslibrary.org/assets/bulletins/2022/219AppA.pdf>

## **Appendix 12**

### **National LGPS Technical Group minutes**

<https://lgpslibrary.org/assets/minutes/TG20211207.pdf>

## **Appendix 13**

### **Stronger Nudge to pensions guidance**

<https://blog.thepensionsregulator.gov.uk/2022/01/13/why-its-time-for-trustees-to-pension-wise-up/>

<https://www.gov.uk/government/consultations/stronger-nudge-to-pensions-guidance/outcome/government-response-stronger-nudge-to-pensions-guidance>

<https://www.legislation.gov.uk/uksi/2022/30/contents/made>

## **Appendix 14**

### **The Local Government Association Conference, Bournemouth – Hyman notes**

[https://www.hymans.co.uk/media/uploads/Conference\\_Highlights - LGA - 20-21 Jan 2022.pdf](https://www.hymans.co.uk/media/uploads/Conference_Highlights_-_LGA_-_20-21_Jan_2022.pdf)

## **Appendix 15**

### **In brief**

<https://blog.thepensionsregulator.gov.uk/2021/12/15/db-code-taking-the-time-to-deliver-the-right-funding-measures/>



# Item 5

## LONDON BOROUGH OF ENFIELD PENSION FUND – ADMINISTRATION - RISK REGISTER – FEBRUARY2022

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	Review date
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.	01/03/2022
	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 Project plan in progress to find these members required	Project plan in progress to use external outsource to find missing members addresses. Systems Team to identify amount.	30/06/2022
	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	30/06/2022
	AVCs at leaving	2	3	6	Medium	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	Constant communication with Prudential has been required to ensure work is on track	31/03/2022
	AVCs -Prudential annual statements	3	1	9	Medium	No	Prudential not notifying member of AVCs held within the agreed timelines so they are either not claimed or forgotten by the member	Pension Fund	Reputational damage and complaints direct to the Fund regarding Prudential's poor service.	Prudential have informed us that they have informed the Pension Regulator	To ask Prudential for proof to also look at other AVC providers	31/08/2022
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 - new training and review took place in August 21	Historical Members identified - administration team working through both old and new cases as they appear each month	31/03/2022
	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	31/08/2022

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	Review date
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	01/11/2022
	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	01/11/2022
	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.	04/07/2022
	GMP - HMRC	1	4	4	Low	Yes	All GMP related work to have been completed in line with the closedown of GMP related work at the DWP.	Tim O'Connor	Incorrect data on records leading to incorrect payment. Taking on the responsibility of cases because we have not data cleansed sufficiently.	Final Cut of data now received from HMRC - project plan in place to work through.	project plan in place	31/12/2022
	ABS	1	3	3	Low	Yes	Sent out correctly and in line with prescribed timescales	Systems Team with support from Tim O'Connor	Incorrect statements can lead to members making incorrect financial decisions. Causing reputational damage to the fund.	Project plan in place - completed for 2021	Review in January for letters and also include online feedback survey	31/01/2022
	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.	31/12/2022
	Correctly uploading factor tables	1	1	1	Low	No	are the correct factors in place in Altair?	Andreas Andrea	Incorrect factor tables could lead to incorrect payments of benefits if anomalies are not identified by the Benefits Team	Project plan in place - work is double checked by system team	None required at present	31/03/2022
	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	31/08/2022

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	Review date
	Missing Addresses	1	3	3	Low	No	Could lead to personal data going to a wrong address or benefits not claimed.	Tim O'Connor with support from the Systems Team	Not having the ability to contact the member to notify or pay our benefits	Project plan in place	Tender required to outsource missing members addresses to a tracing agency. Systems Team to identify amount.	31/08/2022
	End of year updating (LGPS 2021 scheme and employer data issues)	3	3	9	Medium	Yes	Year updating of Altair IT System. Pensions Increase programme. Plus EOY factor tables. Employee data for salaries and contributions - if incorrect. Member could be wrongly paid.	Andrea Andrea	Impact on both members payments and incorrect ABS	Project plan in place - work is double checked by system team	None required at present - a written process to be produced for new systems team members to follow	31/03/2022
	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.	31/10/2022
	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	31/05/2022
	Training matrix	3	3	9	Medium	No	Up to date with all training work - 2 new members in systems currently learning. 2 experienced admin members going on maternity leave in autumn, new cover required	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	31/05/2022

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	Review date
Management	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	31/08/2022
	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.	31/08/2022
	Staffing levels	2	3	6	Medium	No	Capacity issues: 2 Senior members of staff going on maternity leave	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	30/04/2022
	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	30/06/2022
	Data Protection / Cyber training	2	3	6	Medium	No	Everyone adhering to the new data protection rules?	All	Member or other body wrongly notified of personal data. Heavy Fine from ICO plus reputational damage to pension fund.	Training, procedures. Routine reminders.	Annual refresher training before end of 31/05/2021 required. Auditing of cases on a routine basis.	31/10/2022
Governance	Local Pension Board - administration papers	1	3	3	Low	Yes	Providing administration data to the LPB	Tim O'Connor	Board members not being able to access information at the right time.	Yes. Dates of meetings and also dates of issue of papers to Committee members to be confirmed	To ensure all administration reports are sent by the deadline given - dates of issue to the Committee to be confirmed from Bola Tobun.	31/12/2022

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	Review date
Employer	Employer data provided on time	1	2	2	Low	No	Work received from all employers in a timely manner on a monthly basis which contains minimal errors	Karen Bennett	member could be paid incorrectly. Plus financial and reputational damage to pension fund	unknown - risk owner to confirm	establishment of procedure and routine monitoring of performance against targets	31/05/2022
	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.	31/12/2022
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.	31/08/2022
	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 - project plan and review in place at present	some additions ready to now add - re governance page and AVCwise information and year end information	31/05/2022
	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	look at recording online presentations to be held on the website and sent as a link to members.	31/03/2022
	Pension Webinars	1	4	4	Low	Yes	EPF 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	31/03/2022
	Member Self Service	1	3	3	Low	Yes	Members having issues accessing MSS and not seeing the correct screens - has been resolved but continue to watch	Systems Team	Members don't receive the service and are not as well informed as they should be.	Yes - a Systems team project plan is also in place - to look at when pensioners invited to see if any similar issue	Invite going out to Deferred Members during February inviting them to sign up and then Pensioners during May.	30/04/2022
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	30/04/2022

Page 5

Main amendments to June 2022 annual review of Risk Register

Triennial Valuation

Training of new staff

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**London Borough of Enfield****ENFIELD PENSION BOARD****Meeting Date: 09 March 2022**

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**Subject:** Employers Contribution Report**Cabinet Member:** Cllr Maguire**Executive Director:** Fay Hammond**Key Decision:** [ ]

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**Purpose of Report**

1. This report updates the Board on the collection of Employer contributions up to January 2022 which were due on 19 February 2022.
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 note the contents of this report and the attached Appendix.

**Reason for Proposal(s)**

6. The Pension Board is recommended to note this report and the activity of the team in bringing this area back to an acceptable standard.
7. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations.

### **Relevance to the Council's Corporate Plan**

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

### **Background**

11. Under the Local Government Pension Scheme (LGPS) Regulations, Enfield Council is required to maintain a pension fund for its employees and other 'scheduled bodies' as defined in the Regulations known as the Enfield Pension Fund (EPF or the Fund). The Regulations also empower the Fund to admit employees of other 'defined' (e.g. other public bodies) bodies into the Fund.
12. The Employers (scheduled and admitted bodies) are required to pay both employee and employer contributions to the Fund monthly. The contributions rates for members is set out in the LGPS Regulations. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary.
13. The Employers are required by regulations to make the payment of contributions to the Fund be made no later than 19 days of the following month in which the contributions were deducted from payroll (22 days by means of an electronic communication).

### **2021/22 Contributions**

14. The Enfield Pension Fund has set the 19 days following the month in which the contributions were deducted from payroll to determine if a payment has been received on time. The attached Appendix 1 sets out the number of payments received after the 19 days have elapsed.
15. Contributions are received after the 19th day of each month following contributions deducted up to the 19 February 2022 is shown as Appendix 1 to this report.
16. In total there has been 11 late payments of contributions out of 332 expected payments. This is attributed to four different employers in the Fund. Three employers have paid late on more than one occasion, paying late in three consecutive months; May 2021 to July 2021.

### **Safeguarding Implications**

17. 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**



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

### **Equalities Impact of the Proposal**

19. 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**

20. 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**

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

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

22. Not adhering to legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

### **Financial Implications**

23. Untimely payment of contributions or non-payment of contributions to the Fund can give rise to deficit whereby the Fund current Funding level of 103% can easily be depleted and the Fund ending up being severely underfunded.

### **Legal Implications**

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

### **Workforce Implications**

25. The employer's contribution is a significant element of the Council's budget and consequently any improvement will allow the Council to meet this

obligation easily and could also make resources available for other corporate priorities.

**Property Implications**

26. None

**Other Implications**

27. None

**Options Considered**

28. No other option.

**Conclusions**

29. The Pension Board is recommended to note this report and the activity of the team in bringing this area back to an acceptable standard.

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Date of report 22nd February 2022

**Appendices**

Appendix 1 –Enfield PF Employers Late Contribution Payments Schedule Jan 2022

**Background Papers** - None

## Employers Contributions for 2021-22

Employers	April	May	June	July	August	September	October	November	December	January	February	March	Total
<b>London Borough of Enfield</b>													0
<b>Scheduled Bodies</b>													
Capel Manor College													0
Oasis Hadley Academy													0
Oasis Enfield Academy													0
Jewish Community Academy													0
AIM Academy North													0
Kingsmead Academy													0
Enfield Grammar Academy													0
Southgate School													0
Lea valley Academy													0
Enfield Learning Trust													0
Adnan Jaffrey Trust (One Degree Academy)													0
Attigo Academy Trust													0
ARK John Keats Academy													0
Meridian Angel Primary School													0
Ivy Learning Trust													0
North Srar Community Trust (was CHAT)													0
Edmonton County Academy													0
Children First Academy													0
Wren academy													0
<b>Subtotal – Scheduled Bodies</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Admitted Bodies</b>													
Enfield Voluntary Action													0
Enfield Equality Centre (EREC)					1								1
Enfield Carers Centre													0
The Pantry (UK) Ltd													0
Hertfordshire Catering Ltd													0
Fusion Lifestyle													0
Sodexo													0
Reed Wellbeing													0
Birkin – Nightingale	1				1								2

## Employers Contributions for 2021-22

Employers	April	May	June	July	August	September	October	November	December	January	February	March	Total
Olive Dining - Edmonton	1	2	1										4
Olive Dining – Nightingale	1	2	1										4
European Cleaning Services													0
North London Homecare & Support Ltd													0
Fitzpatrick													0
NORSE commercial services													0
Churchill													0
Metropolitan Support Trust													0
Leisure Trust													0
Kier Group Services													0
Edwards & Blake													0
Hughes Gardner													0
Equion Facilities Management													0
Outward Housing													0
Elior UK													0
Birkin -Bishop Stopford													0
Birkin – Winchmore													0
Olive Dining – Aylward													0
BDI Securities UK Ltd													0
Purgo Supply Services													0
Sanctuary Housing													0
Lewis & Graves Partnership													0
<b>Subtotal – Admitted Bodies</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
<b>Total no. days payments being late</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>

	April	May	June	July	August	September	October	November	December	January	February	March	Total
Total payments due	34	34	33	33	33	33	33	33	33	33			332
Payments received late	3	4	2	0	2	0	0	0	0	0			11

Employers with active members.

Latymer is part of LBE but pay their own contribution.

## London Borough of Enfield

### ENFIELD PENSION BOARD

Meeting Date: 09 March 2022

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**Subject:** London Collective Investment Vehicle (CIV) Update

**Cabinet Member:** Cllr Maguire

**Executive Director:** Fay Hammond

**Key Decision:** [ ]

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#### Purpose of Report

1. This report provides a summary of London Collective Investment Vehicle (CIV) updates on investment, new products and governance arrangements.

#### Proposal(s)

2. The Enfield Pension Board are recommended to note the content of this report;

#### Reason for Proposal(s)

3. This report introduces an update on LCIV governance arrangements, Fund launches, ESG and Enfield investments with London CIV.
4. For effective and efficient management of the Fund as regular engagement with the London CIV is crucial to the Fund, to ensure that the Pool makes available the strategies and services that Enfield Pension Fund and other London funds require. Successful delivery of these objectives will be crucial in ensuring that the anticipated longer term investment manager fee savings can be delivered.

#### Relevance to the Council's Corporate Plan

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

#### Background

8. London CIV was established in 2015 as a collaborative vehicle to pool LGPS pension fund assets for a more effective investment and value adding operation. The purpose of the company is ***“to be the LGPS pool for London***

***to enable the London Local Authorities (LLAs) to achieve their pooling requirements”.***

9. Pool members are both shareholders and investors. Beyond the practical purpose to deliver pooling, LCIV aspires to be “***a best in class asset pool delivering value for Londoners through long term sustainable investment strategies.***” This statement has been updated to emphasise their commitment to responsible investment and stewardship.
10. The attached appendices have the current update for London CIV as of end of February 2022 and the London CIV - Enfield Quarterly Investment Report Dec 2021.

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Date of report 24<sup>th</sup> February 2022

### **Appendices**

Appendix 1 – London CIV Business Update **(Private and Confidential)**

Appendix 2 – London CIV - Enfield Quarterly Investment Report Dec 2021 **(Private and Confidential)**

### **Background Papers**

None

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

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of the Local Government Act 1972.

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**London Borough of Enfield****ENFIELD PENSION BOARD****Meeting Date: 09 March 2022**

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**Subject: LAPFF Quarterly Engagement Update for Dec 2021****Cabinet Member: Cllr Maguire****Executive Director: Fay Hammond****Key Decision: [ ]**

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**Purpose of Report**

1. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and the Fund has previously agreed that its votes will be casted at investor meetings in line with LAPFF voting recommendations.
2. This report provides an update on various Environmental Social & Governance (ESG) issues that the Local Authority Pension Fund Forum (LAPFF) have been involved in, for the attention of the Pension Board.

**Proposal(s)**

3. The Pension Board are recommended to:
  - a) Note the contents of this report;
  - b) The issues discussed by LAPFF, set out in the Quarterly Engagement Report which is available on the LAPFF website:  
[https://lapfforum.org/wp-content/uploads/2022/01/LAPFF\\_QER04\\_2022\\_Final.pdf](https://lapfforum.org/wp-content/uploads/2022/01/LAPFF_QER04_2022_Final.pdf)

**Reason for Proposal(s)**

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

**Relevance to the Council's Corporate Plan**

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

## **Background**

8. The Fund currently delegates the exercise of its voting rights to its external equity managers, who are asked to comply as far as possible with the Fund's voting policies. The move to a pooled structure over the medium term would significantly impact this arrangement as voting rights would need to be exercised at pool level rather than fund level. The Fund will therefore need to ensure that it works with other London funds as well as the pool itself to ensure that in the future it is able to effectively express its views through the exercise of voting rights.
9. The Fund also currently delegates broader engagement with investee companies around ESG issues to its external managers. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which currently comprises 71 local authority pension funds with combined assets of £205 billion. The Forum exists to promote the investment interests of local authority pension funds, and in particular to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.

## **LAPFF Engagement Outcomes**

10. For this reporting period, LAPFF engaged with various companies on different topics detailed information is in the attached Appendix 1 - **Quarter Ending 31 December 2021**.

## **Safeguarding Implications**

11. Poor corporate governance and unsustainable business practices can impact on share prices and increases the risk that the Fund may experience a loss of value in its investments in the future

## **Public Health Implications**

12. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the Borough.

## **Equalities Impact of the Proposal**

13. 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**

14. Environmental and climate change considerations are all over this report.

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

15. The rigorous robust management of LBE Pension Fund results in better quicker and more effective decision making which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund.
16. Ensuring good corporate governance and the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

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

17. This is a noting report.

**Financial Implications**

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

**Legal Implications**

20. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 Regulation 7 requires Administering Authorities to publish and maintain an Investment Strategy Statement which includes, amongst other items, details of:
  - a) The authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments.
  - b) The authority's policy on the exercise of the rights (including voting rights) attaching to investments.
21. In addition, Government guidance on the preparation and maintenance of the Investment Strategy Statement states that Administering Authorities should explain their policy on stewardship with reference to the Stewardship Code, the seven principles of which apply on a 'comply or explain' basis.
22. There are no immediate legal implications arising from this report.

**Workforce Implications**

23. 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**

24. None

### **Other Implications**

25. None

### **Options Considered**

26. The Fund would remain a member of LAPFF but to ensure the Fund's Responsible Investment (RI) approach is enhanced the engagement approach can be improved by procuring an overlay service rather than relying on delegation to fund managers.

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Tel no. 020 8132 1588  
Date of report 24<sup>th</sup> February 2022

### **Appendices**

Appendix 1 – LAPFF Quarterly Engagement Report for December 2021

### **Background Papers**

[https://lapfforum.org/wp-content/uploads/2022/01/LAPFF\\_QER04\\_2022\\_Final.pdf](https://lapfforum.org/wp-content/uploads/2022/01/LAPFF_QER04_2022_Final.pdf)



## Quarterly Engagement Report

October-December  
2021

Local  
Authority  
Pension  
Fund  
Forum

# Rio Tinto, BHP, Anglo American, Roche, National Grid, LAPFF Conference

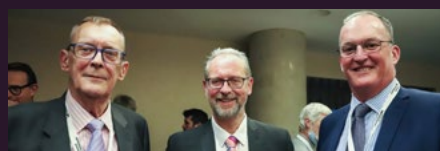


# LAPFF CONFERENCE 2021



**"We heard many fantastic presentations on a wide range of topics at the LAPFF Annual Conference this year. What struck me was the systemic nature of many of these problems. Systemic problems take a long time to fix, but LAPFF is in it for the long haul."**

CLlr Doug McMurdo:



LAPFF held its 2021 conference in Bournemouth from 8–10 December. There was an opportunity to attend both in-person and online this year in light of Covid developments. Maintaining the in-person presence whilst allowing for a hybrid experience of speakers dialling in and attendees watching online allowed the whole event to run smoothly and provided a good experience.

The conference provided for a wide variety of interesting speakers and events. Across the three days, invited speakers presented on issues from COP26 to accountancy, a just transition to Covid. It was a privilege to introduce guest speakers from Brazil who described the harrowing impacts of the tailings dams collapses on their lives and communities. Broadcaster David Olusoga provided a gripping account of the untold stories of black British history.



## HUMAN RIGHTS



# Mining and Human Rights Report

**Objective:** Over the last couple of years, LAPFF has engaged intensively with mining companies on their human rights practices. The engagement has focused on the participation of affected stakeholders in mining company activities and decision-making. Based on these engagements with mining companies and affected stakeholders, LAPFF aimed to produce a report on its views regarding mining companies and human rights.

**Achieved:** LAPFF engaged business and human rights expert, Professor Robert McCorquodale, to lead on drafting the report. As sections of the report were drafted, they went to the LAPFF Executive and Business meetings for approval.

Although the reports were written

from an investor perspective, they have been presented through a human rights lens. As such, the first report covered the basics of the international human rights law framework. The second report followed with an explanation of how this framework applies to the mining sector, with examples of how human rights can be violated by mining companies and case studies based on human rights-related litigation in the mining sector. The third report presented LAPFF's views on engagements with top holdings – Anglo American, BHP, Glencore, Rio Tinto, and Vale – including how LAPFF understands these companies to be engaging with affected stakeholders.

**In Progress:** The last two reports will go to the first LAPFF Executive and

Business meetings in January 2022. The fourth report sets out examples of where LAPFF believes that the five companies mentioned have not met their human rights responsibilities. The fifth report contains a conclusion and recommendations for LAPFF members and other investors, for companies, and for public officials.

These five reports have also been consolidated into a single draft report that LAPFF has circulated for comment to the five companies addressed and to affected communities whose accounts have been included in the report. After comments have been received, they will be assessed and integrated as appropriate before the report is released publicly.

## MINING



Vale's tailings dam in Brumadinho

### MINING COMPANY ESG UPDATES

**Objective:** LAPFF engages with mining companies on all environmental, social, and governance (ESG) areas, not just human rights. Therefore, LAPFF participated in ESG updates from Vale, Rio Tinto and Anglo American, both to ensure it had updated information for the mining and human rights paper and to track updates on areas such as climate planning and health and safety.

**Achieved:** All companies covered climate and human rights as primary topics of discussion. Industry-wide, there continues to be work to align with the global standard on tailings dam safety and make mining safer and more sustainable generally. The companies also discussed their climate plans, particularly in anticipation of greater interest in the 'say on climate' votes, an initiative for which LAPFF has provided significant support.

LAPFF was particularly keen to hear Anglo American's discussion around the company's decision to divest from the Cerrejon joint venture. Both Anglo American and BHP have now indicated that they are withdrawing from this thermal coal project, leaving Glencore as the sole owner.

The withdrawal raises significant ques-

tions about how companies can best pull out of coal without leaving these assets in the hands of other companies or entities that might choose to continue operating the assets rather than winding them down. To this end, LAPFF also participated in a Climate Action 100+ (CA100+) collaborative call with Anglo American. The discussion covered the company's commitment to carbon neutrality in its operations and initiatives to reduce emissions through its value chain.

Vale continued to refer to cultural and operational changes stemming from its Brumadinho tailings dam collapse. However, the company representatives again failed to address the Mariana tailings dam collapse outside of Vale's relationship to the Renova Foundation, the joint venture between BHP and Vale established to undertake compensation and reparations in relation to Mariana, and a general reference to Samarco operations re-starting. It was explained that the company's upstream tailings dams will not be de-characterised until 2035 at the earliest, although company officials stressed that safety measures would be taken at these dams in the meantime.

**In Progress:** LAPFF is continuing to engage with mining companies on all aspects of their ESG work, in particular climate and human rights. There will

likely be focus on specific aspects of company operations, such as joint ventures, and on say on climate votes. Affected community engagements have also pointed to concerns about just transition considerations, so this area will also likely feature more prominently in LAPFF's work, especially because it was felt that the companies did not speak to this issue adequately.

### BHP

**Objective:** Never having met BHP CEO, Mike Henry, LAPFF Chair Cllr Doug McMurdo wanted a meeting to discuss BHP's imminent unification process and the on-going human rights concerns related to the Samarco tailings dam collapse in Brazil and the joint venture Resolution Copper project with Rio Tinto in Arizona.

**Achieved:** LAPFF detected some progress in relation to BHP's approach to community engagement. Prior to BHP's 2021 AGM, LAPFF had not heard any company representatives refer to the need for free, prior and informed consent (FPIC) in relation to any of BHP's projects. However, BHP Chair, Ken Mackenzie, and Mr Henry have been clear since the October 2021 AGM that they expect FPIC to be met



## COMPANY ENGAGEMENT

in relation to their Resolution Copper project before that project can proceed. LAPFF also shared its experience of engaging with Brazilian communities affected by the Samarco tailings dam collapse and found Mr Henry receptive to this feedback.

LAPFF also issued a voting alert opposing BHP's climate plan, which was put to a vote this year in line with the 'say on climate' initiative. While LAPFF was pleased to see BHP put its plan to a vote, LAPFF's view is that the plan had significant shortcomings. For example, there was a fear that the company could rely too heavily on unproven technologies such as carbon capture and storage (CCS) in the plan. The plan also appeared to contradict BHP's assertion that the company will benefit from a very quick transition to a green economy. The plan could have moved the company much further much more quickly but did not.

**In Progress:** LAPFF will continue to engage with BHP in relation to both Resolution Copper and Samarco. Cllr McMurdo also asked BHP if it would put annual say on climate resolutions to a vote. Although BHP has committed to say on climate votes every three years, LAPFF will continue to engage with BHP on its climate developments more frequently.

### Renova Silent in Wake of Engagement Request

**Objective:** Communities in Brazil affected by the Mariana and Brumadinho tailings dam failures have long said that one of the big obstacles to obtaining appropriate reparations and compensation is the Renova Foundation. Renova is a foundation established by BHP, Vale, and Brazilian authorities solely to provide reparations and compensations to victims of the dam collapse at Mariana. Therefore, Cllr McMurdo has had a couple of meetings with Renova CEO, Andre de Freitas, to discuss this issue, and he sought another meeting.

**Achieved:** To date, Mr de Freitas has been very responsive and willing to discuss Renova's progress and challenges. However, there appear to have been only three houses built in the last year (up to 10 from seven houses) and Mr de Freitas has not yet responded to LAPFF's latest request to meet.

**In Progress:** Although many affected community members are keen for Renova to be disbanded and replaced with a more effective entity, LAPFF will continue to engage with the organisation to push for faster progress.

### ArcelorMittal

**Objective:** To provide an updated assessment of ArcelorMittal's progress against the second iteration of the Climate Action 100+ benchmark and flag up areas that the company could improve in terms of metrics and disclosure.

**Achieved:** A formal letter was sent from LAPFF and other lead investors in the CA100+ initiative, setting out the approach to the 2022 and 2023 proxy season moving towards the 2023/24 reporting cycle deadline for target companies to have achieved alignment to the goals of the initiative. A reply from the chair, Lakshmi Mittal, confirmed that they are collaborating with the Science Based Target Initiative (SBTI) on a new Paris aligned methodology for the steel sector working towards a net-zero by 2050 target. The only indicator not met was a 2025 carbon emissions target, as much of the 2030 group target will be weighted towards the second half of the decade.

**In Progress:** A meeting in December sought for publication of a more granular report on lobbying with a trade association overview as well as information on the shareholder consultation for a transition plan to be put to the 2022 AGM.

### BP

**Objective:** To discuss detailed aspects of the company's energy transition plan and if a 'Say on Climate' is planned for the 2022 AGM.

**Achieved:** Company representatives provided more background to the company's plan which includes a reduction of production of 40% over 10 years and a goal of 50GW of renewable generating capacity by 2050. BP already operates the UK's largest public network of EV charging points and plans to install more in existing petrol stations. The company has installed some of the first charging stations in India and is working with large fleets in China. On a 'say on climate'

resolution, this is being considered for 2022. It was noted they had achieved at least 'partial' scoring on all elements of the CA100+ benchmark.

**In Progress:** A further meeting with the LAPFF chair is planned for early 2022.

### Standard Chartered

**Objective:** A meeting was held with Standard Chartered chair, José Viñals, to determine how the bank is progressing working with clients to reduce carbon emissions and align with the bank's net zero by 2050 policy. Member concerns had been relayed to the chair about the bank's funding of Adaro, a major coal supplier which Standard Chartered's own analysis shows its activities to be aligned with an increase of 5-6°C in global warming.

**Achieved:** The company issued a road-map for its progress to net zero in October which included 2030 targets to reduce financed emissions for thermal coal mining and oil and gas power, as well as plans to mobilise US\$300 billion in green and transition finance by 2030. There was further engagement in November, which confirmed an absolute target for coal, and that no investments would support any project expanding capacity.

**In Progress:** We have remained in touch with NGO contacts who have considered filing a resolution to the 2022 AGM asking for commitments not yet evident in the company's current transition plans. The company confirmed it will put a Say on Climate/Transition plan to the vote at the 2022 AGM.

### Lyondell Basell

**Objective:** As part of collaborative engagement with CA100+ investors, a meeting was held with company representatives to discuss analysis of progress against the second iteration of the CA100+ benchmark. The aim was to identify if any short-term actions were possible to improve the score and what further commitments could be provided.

**Achieved:** company representatives confirmed that any further updates would not be until the publication of the sustainability report in April 2022. In

## COMPANY ENGAGEMENT

the first iteration of the benchmark, six indicators were not met and four were only 'partially' met. Encouragement was given for more disclosure in relation to lobbying activities.

**In Progress:** Topics of Paris Aligned accounting and audit disclosure and a related 'underpin' for remuneration were raised, with further discussions in 2022 proposed.

### National Grid

**Objective:** Correspondence was sent on behalf of the CA100+ initiative with an updated assessment of progress against the second CA100+ benchmark. The letter identified short-term priority actions to improve the benchmark score and a commitment for fully aligned disclosure with the benchmark by the end of 2023.

**Achieved:** The company gave further detail of net zero alignment with International Energy Agency's (IEA) 2035 date for all relevant electricity emissions, noting the assumption of a zero-carbon power grid by 2035.

**In Progress:** A meeting in December covered disclosure on lobbying activities and further discussion on Paris Aligned accounting and audit disclosure.

### Barratt Developments

**Objective:** The property sector is a major contributor to carbon emissions. A large chunk of these emissions come from buildings when in use but building materials and the building process itself generate greenhouse gas. As a result, the sector is facing higher environmental standards from government. It also means that housebuilding is a sector which LAPFF wants to continue to engage, especially the largest housebuilders such as Barratt Developments.

**Achieved:** Cllr Doug McMurdo secured a meeting with the chair of Barratt Developments. LAPFF gained assurances about plans Barratts are making towards achieving net zero for homes and for their operations. The engagement discussed how they were going to meet the government's future homes standard and work being undertaken with their supply chain. The discussion also covered



achieving the transition to net zero in a just way as well as the company's exposure to concerns around leasehold contracts.

**In Progress:** LAPFF will continue to engage with Barratts and other housebuilders to ensure targets they have set are being met.

### Pharmaceutical Company Engagements

**Objective:** LAPFF wrote to five pharmaceutical companies for engagement meetings to discuss whether Covid has forced them to change their business models or business strategies. While the companies were generally receptive, only Roche came back to offer a meeting.

**Achieved:** In addition to meeting Roche, LAPFF was able to meet with Johnson & Johnson through a collaborative investor discussion. It is clear that the companies have treated Covid as a test of their existing business models and strategies. At this point, there appear to have been more operational changes, such as how staff work together online and determining the right balance of working from home and working from offices, than there have been business model or strategy changes. There might be further developments to consider in respect of business model and strategy before companies can decide whether they are well-placed with their existing structures or whether they need to make adjustments in the longer-term.

**In Progress:** LAPFF will write again in the new year to the companies that have not yet granted meetings. Timing is critical

as all of the companies are contributing in one way or another to the pandemic response, so company representatives might be more or less available depending on when Covid waves hit and when certain drugs are released in response.

### Chipotle

**Objective:** LAPFF has been in dialogue with Chipotle since 2019 regarding the company's approach to water stewardship and managing the water stress within its value chain. When the dialogue was first initiated the company was committed to the shared objective of mitigating water related risks and committed to measuring water usage as well as any water sources significantly affected by water withdrawal moving forwards. As of 2021, Chipotle is yet to conduct a water risk assessment for its full value chain.

**Achieved:** In response to the lack of progress, LAPFF worked with the Greater Manchester Pension Fund to file a resolution to request that Chipotle provide an assessment to identify, in light of the growing pressures on water supply quality and quantity posed by climate change, its total water risk exposure, and policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

**In Progress:** LAPFF maintains dialogue with Chipotle and on this issue and will continue to work constructively with the company to ensure it is taking the necessary steps to manage water risk effectively.

## COMPANY ENGAGEMENT

### COLLABORATIVE ENGAGEMENTS COLLABORATIVE INVESTOR MEETINGS

#### Say on Climate

In October, the LAPFF chair, together with TCI Fund Management and Sarasin and Partners, wrote to the FTSE All-share to ask that boards set out their strategy to manage the transition to a net zero emissions business and to provide annual provision for shareholders to vote on such plans. The letter was not sent to investment trusts and those companies that had already made a commitment to an annual vote for shareholders.

As at end December, 64 responses had been received, from brief acknowledgements of receipt, to lengthy iterations of strategies for transition. A good number of companies noted it would be subject to discussion by the board, and other companies in engagement meetings have noted they will be reviewing the proposition.

#### The Asia Collaborative Engagement Platform for Energy Transition

Collaborative engagement, working with Asia Research and Engagement (ARE) and the Asia Transition Platform, has continued with some of Asia's largest listed financial institutions and buyers and producers of fossil fuels. During the quarter, LAPFF executive members Cllr Caron and Sian Kunert engaged with Sumitomo Mitsui Financial Group (SMFG) and Mizuho respectively. At Mizuho, bank representatives were asked for more details on sustainability experience and expertise of board members, as well as an insight into a time-line for the phase out of coal power financing. At SMFG, discussions also covered mechanisms to ensure sustainability experience on the Board as well as target setting and referencing the International Energy Agency Net Zero scenario.

#### Collaborative letters on Paris-aligned accounts

Following-up on correspondence with companies in November 2020, LAPFF has joined in further communications with

companies, led by Sarasin & Partners and in conjunction with other investors to share feedback on climate-related financial disclosures in the most recent set of company financial accounts. Correspondence aimed to encourage the companies to address outstanding concerns in audited accounts issued in 2022. Copies were also provided to the lead audit partner to emphasise the expectation that they alert shareholders where the accounts are not consistent with a 1.5°C outcome.

#### Powering Past Coal Alliance

As a partner to the Powering Past Coal Alliance, LAPFF supported a statement made on 4 November, which was the COP26 'Energy Day'. This statement, signed by countries, regions, corporates and investors supported the shared vision of accelerating a transition away from unabated coal power generation. It recognised the imperative to urgently scale-up the deployment of clean power to accelerate the energy transition as well as promoting the idea that this transition should be 'just and inclusive'.

#### Major investors demand ambitious methane regulations in the U.S.

Through its membership of CERES, LAPFF joined a group of international investors calling for action to cut methane emissions in the US. Methane is a potent greenhouse gas, twenty five times more powerful than carbon dioxide in its heating impact. More than half of global methane emissions stem from human activities in three sectors: fossil fuels (35 per cent of human-caused emissions) waste (20 per cent) and agriculture (40 per cent).

#### The Institutional Investors Group on Climate Change (IIGCC)

LAPFF continues to participate in regular calls with IIGCC and its investor members, receiving and providing updates on EU constituents of the CA100+ initiative. Results of the CA100+ benchmarking process are being discussed with companies with the review period culminating at the end of December. Sector meetings are helpful in providing

peer best practice examples as 'pointers' for other companies in the sector.

#### Investor Alliance on Human Rights

The Investor Alliance on Human Rights (IAHR) circulated an investor letter calling for the UK and the EU to implement mandatory human rights and environmental due diligence (mHREDD). It followed with another letter asking that stakeholder engagement be placed at the heart of this legislation. LAPFF signed onto both letters.

#### Conflict Minerals Investor Letter

Stewart Investors initiated a collaborative investor letter on conflict minerals in semi-conductor supply chains requesting that a number of companies improve labour and environmental standards through their supply chain practices. A total of 160 investors with collective assets under management of US\$6.59 trillion signed onto the letter. The letter went to 29 companies in the semi-conductor supply chain, and investors are waiting for a more complete set of responses before deciding if and how to take the engagement forward.

#### Investors for Opioid and Pharmaceutical Accountability (IOPA)

LAPFF has continued to support IOPA, which continually engages with US pharmaceutical companies and retail pharmacies, encouraging better levels of corporate governance. IOPA has been looking at its potential campaigns for 2022 and LAPFF will aim to engage and support where it can.

### POLICY ENGAGEMENT

#### APPG Just Transition Inquiry

The LAPFF-supported All-Party Parliamentary Group (APPG) for local authority pension funds' report into a just transition was successfully launched this quarter. The APPG had undertaken an inquiry during 2021 examining the role investors can play, with the support of government, in ensuring the transition to net zero considers the social implications



## COMPANY ENGAGEMENT



for employees, consumers, communities and supply chains. The APPG, chaired by Clive Betts MP, heard evidence from LAPFF members, investors, companies, trade unions and from the Climate Change Committee.

The inquiry found that just transition presented investors with financial risks. The consensus view from the inquiry was that if the transition to net zero is seen as unfair and unjust there would be public resistance and a lack of co-operation. As such, failing to consider the uneven impact of climate action on people and places risks support for decarbonising the economy. That in turn would create economy wide and company specific risks for investors.

The final report covered actions investors can take individually and collectively, including having a commitment on the issue in policy documents, understanding the risks and opportunities through quantitative metrics and qualitative evidence from affected stakeholders, importance of setting expectations and engaging companies on them, how capital allocation can help mitigate the risks and maximise the opportunities, and how funds can report impact. The report also set out what governments could do to support investors, such as having a clear and comprehensive just transition commitment, requiring greater company disclosure, identifying and supporting investment opportunities, and establishing a just transition commission.

The launch of the report included

presentations from the pensions minister, Guy Opperman MP, Rachel McEwen from SSE and LAPFF chair, Cllr Doug McMurdo. The report was well received gaining media coverage and with SSE publicly supporting the report. A copy of the report can be found on the LAPFF website.

### City of London's Taskforce on Socio Economic Diversity

LAPFF Vice Chair, John Gray, was appointed to the Taskforce's Advisory Board this year and in this quarter, attended an in person event to discuss a number of issues that both the advisory board and working groups are looking to overcome. Questions of whether mandatory reporting by government or regulators were asked, and what role sector bodies can play. The role of membership bodies seeking to progress change in this area were discussed as well as what members of the taskforce believed would convince senior leadership to improve socio-economic diversity. LAPFF's work on diversity will continue in 2022 and will incorporate aspects of socio-economic diversity alongside other aspects.

### COLLABORATIVE COMMUNITY MEETINGS

#### Brazilian community members

It has now been over six years since the Samarco tailings dam collapse in

Mariana, Brazil. LAPFF issued a press release on 5 November to remember the anniversary of the tragedy. As the anniversary fell during COP 26, the press release focused on the need for a just transition to a zero carbon economy. The press release followed a webinar with a representative of the affected communities and a meeting with the Brazilian prosecutor working on this case.

Subsequently, Cllr McMurdo met with four members of the affected Mariana communities to discuss their current situation. Unfortunately, little progress has been made in respect of either housing or other reparations. The community members continued to express despair about their respective situations and the slow progress being made by the Renova Foundation.

One representative of the Mariana communities and one representative from Brumadinho also presented at the LAPFF Conference. It was notable that both representatives were clear about not being anti-mining; the communities just want mining to be sustainable and respectful of their human rights. The need for a just transition by the mining industry was also raised during this conference session.

#### Arizona community members

Cllr McMurdo also met with Roger Featherstone (pictured below) of the Arizona Mining Reform Coalition. Roger has met consistently with LAPFF over the



## ENGAGEMENT

last few years and has raised concerns not only about the cultural heritage impacts of the BHP-Rio Tinto Resolution Copper project but also about the water impacts. LAPFF heard again that there has been no real assessment of the projects impact on water resources by the companies, but the impact could be huge. Roger also raised the question of whether a new mine is needed to access the copper reserves in the area. He noted that BHP has shut down a number of mines in the area before the reserves had been depleted, and in particular the San Manuel mine.



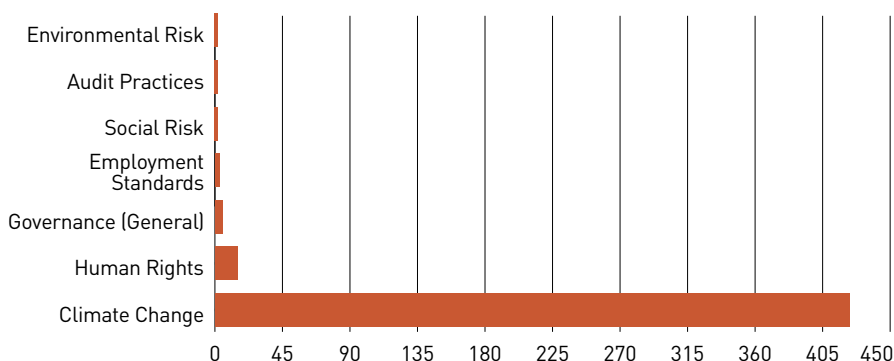
### Resolution Copper: Water and Financial Materiality

On the back of the conversation with Roger Featherstone, LAPFF held a webinar with Roger and Henry C Munoz, a retired BHP miner in the area. Both Roger and Henry spoke about the anticipated impacts of Resolution Copper on the water and ecosystem of the surrounding areas. This webinar is available for viewing by LAPFF members on the member section of the LAPFF website.

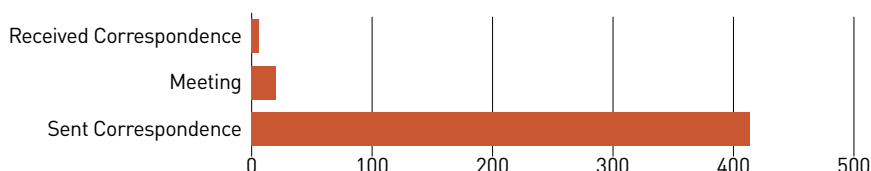
## ENGAGEMENT DATA

During the quarter, there was correspondence with the FTSE all-share (excluding investment trusts) pressing for an annual 'Say on Climate' vote

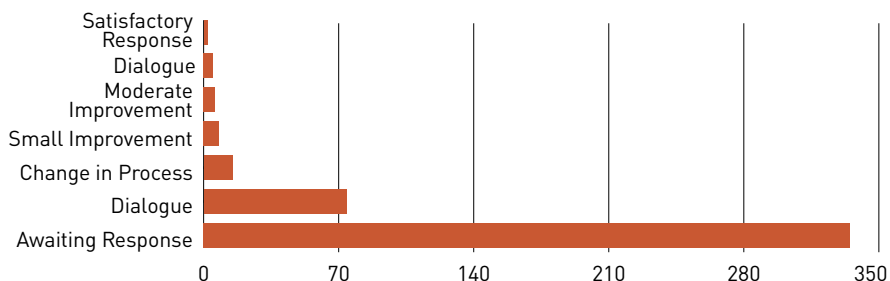
### ENGAGEMENT TOPICS



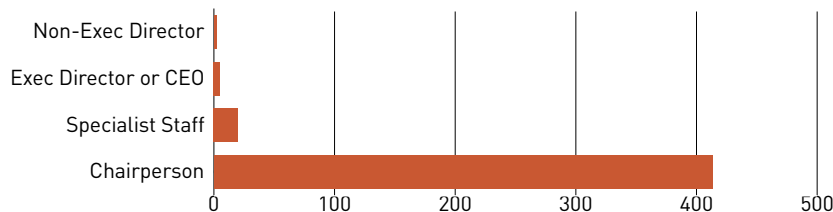
### ACTIVITY



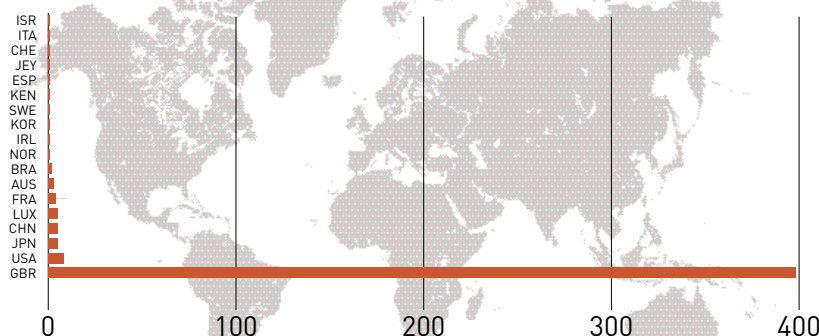
### MEETING ENGAGEMENT OUTCOMES



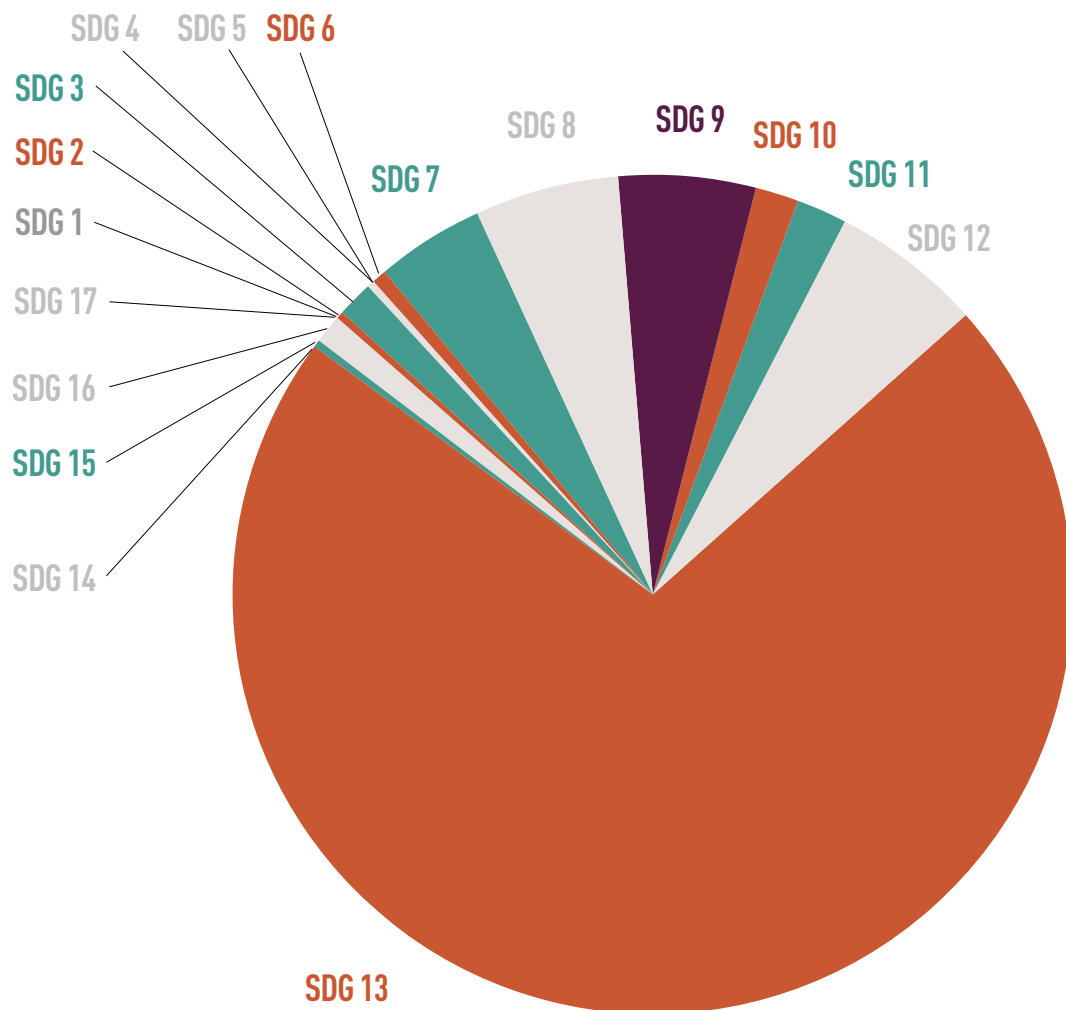
### POSITION ENGAGED



### COMPANY DOMICILES



## ENGAGEMENT DATA



### LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	1
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	9
SDG 4: Quality Education	2
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	26
SDG 8: Decent Work and Economic Growth	33
SDG 9: Industry, Innovation, and Infrastructure	31
SDG 10: Reduced Inequalities	10
SDG 11: Sustainable Cities and Communities	12
SDG 12: Responsible Production and Consumption	34
SDG 13: Climate Action	425
SDG 14: Life Below Water	0
SDG 15: Life on Land	2
SDG 16: Peace, Justice, and Strong Institutions	6
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0



## MEDIA COVERAGE

### CLIMATE

European pension players turn to Asia to drive climate 'breakthroughs'

<https://www.ipe.com/news/european-pension-players-turn-to-asia-to-drive-climate-breakthroughs/10055439.article>

Allow a vote on your climate plan, local govt pensions tell UK companies

<https://www.reuters.com/business/environment/allow-vote-your-climate-plan-local-govt-pensions-tell-uk-companies-2021-10-07/>

<https://timesofindia.indiatimes.com/world/uk/allow-a-vote-on-your-climate-plan-local-govt-pensions-tell-uk-companies/articleshow/86838700.cms>

<https://www.todayonline.com/world/allow-vote-your-climate-plan-local-govt-pensions-tell-uk-companies>

London CIV launches passive equity Paris-aligned fund

<https://www.pensions-expert.com/Investment/London-CIV-launches-passive-equity-Paris-aligned-fund>

<https://www.room151.co.uk/blogs/lgps-cop26-the-expected-the-needed-and-the-opportunities/>

### BHP VOTE

BHP faces knife-edge vote on climate change plan

<https://www.ft.com/content/c7c1c225-9178-4fd5-8db1-4a86450d8f3d>

Mood lukewarm on BHP climate change plan ahead of AGM

<https://www.nasdaq.com/articles/mood-lukewarm-on-bhp-climate-change-plan-ahead-of-agm-2021-10-14>

BHP's London investors endorse climate change plan

<https://www.reuters.com/business/environment/mood-lukewarm-bhp-climate-change-plan-ahead-agm-2021-10-14/>

BHP gets Australian shareholder support for climate plan

<https://www.reuters.com/article/bhp-group-au-agm-idCNL1N2S20EQ>

### JUST TRANSITION

MPs urge pension schemes to cushion economic effects of UK's net zero plan

<https://www.theguardian.com/environment/2021/oct/20/mps-urge-pension-schemes-cushion-economic-effects-uk-net-zero-plan>

LGPS must consider net-zero impact to avoid social downturn, MPs say

<https://www.pensions-expert.com/Investment/LGPS-must-consider-net-zero-impact-to-avoid-social-downturn-MPs-say?ct=true>

### ISRAEL-PALESTINE

LGPS urged to divest from 'Israeli settlement economy'

<https://www.pensions-expert.com/DB-Derisking/LGPS-urged-to-divest-from-Israeli-settlement-economy>

## LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund  
Barking and Dagenham Pension Fund  
Barnet Pension Fund  
Bedfordshire Pension Fund  
Berkshire Pension Fund  
Bexley (London Borough of)  
Brent (London Borough of)  
Bromley Pension Fund  
Cambridgeshire Pension Fund  
Camden Pension Fund  
Cardiff & Glamorgan Pension Fund  
Cheshire Pension Fund  
City of London Corporation Pension Fund  
Clwyd Pension Fund (Flintshire CC)  
Cornwall Pension Fund  
Croydon Pension Fund  
Cumbria Pension Fund  
Derbyshire Pension Fund  
Devon Pension Fund  
Dorset Pension Fund  
Durham Pension Fund  
Dyfed Pension Fund  
Ealing Pension Fund  
East Riding Pension Fund

East Sussex Pension Fund  
Enfield Pension Fund  
Environment Agency Pension Fund  
Essex Pension Fund  
Falkirk Pension Fund  
Gloucestershire Pension Fund  
Greater Gwent Pension Fund  
Greater Manchester Pension Fund  
Greenwich Pension Fund  
Gwynedd Pension Fund  
Hackney Pension Fund  
Hammersmith and Fulham Pension Fund  
Haringey Pension Fund  
Harrow Pension Fund  
Havering Pension Fund  
Hertfordshire Pension Fund  
Hounslow Pension Fund  
Isle of Wight Pension Fund  
Islington Pension Fund  
Kingston upon Thames Pension Fund  
Lambeth Pension Fund  
Lancashire County Pension Fund  
Leicestershire Pension Fund  
Lewisham Pension Fund

Lincolnshire Pension Fund  
London Pension Fund Authority  
Lothian Pension Fund  
Merseyside Pension Fund  
Merton Pension Fund  
Newham Pension Fund  
Norfolk Pension Fund  
North East Scotland Pension Fund  
North Yorkshire Pension Fund  
Northamptonshire Pension Fund  
Nottinghamshire Pension Fund  
Oxfordshire Pension Fund  
Powys Pension Fund  
Redbridge Pension Fund  
Rhondda Cynon Taf Pension Fund  
Shropshire Pension Fund  
Somerset Pension Fund  
South Yorkshire Pension Authority  
Southwark Pension Fund  
Staffordshire Pension Fund  
Strathclyde Pension Fund  
Suffolk Pension Fund  
Surrey Pension Fund  
Sutton Pension Fund

Swansea Pension Fund  
Teesside Pension Fund  
Tower Hamlets Pension Fund  
Tyne and Wear Pension Fund  
Waltham Forest Pension Fund  
Wandsworth Borough Council Pension Fund  
Warwickshire Pension Fund  
West Midlands Pension Fund  
West Yorkshire Pension Fund  
Westminster Pension Fund  
Wiltshire Pension Fund  
Worcestershire Pension Fund

#### Pool Company Members

Border to Coast Pensions Partnership  
Brunel Pensions Partnership  
LGPS Central  
Local Pensions Partnership  
London CIV  
Northern LGPS  
Wales Pension Partnership

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**London Borough of Enfield****ENFIELD PENSION BOARD****Meeting Date: 09 March 2022**

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**Subject:** Enfield Pension Board Work Plan and the Pension Fund Business Plan for 2022/23**Cabinet Member:** Cllr Maguire**Executive Director:** Fay Hammond**Key Decision:** [ ]

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**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; and
  - b) note and approve the work plan for 2022/23 attached as Appendix 1.

### **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**

12. There are many areas of work which a Local Pension Board may be the most appropriate place for that work to take place. The Local Pension Board could be tasked with reviewing whether the Administering Authority is compliant with the requirements of that code.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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

18. 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.
19. 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**

20. 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.

<b>ACTIVITY</b>	<b>PURPOSE</b>
<b>Administration &amp; Governance</b>	
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	Seek pension committee approval and formally publish any updated documents where this is deemed appropriate.

Statement as necessary (i.e. where significant changes are made)	
Review on-line functionality of pensions specific website or microsite	To ensure pension specific website is running 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.
<b>Investment &amp; Accounting</b>	
Draft Pension Fund Annual Accounts approved by the Executive Director of Resources by September 2022	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 2022	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 undergoing 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

21. 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**

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

### **Equalities Impact of the Proposal**

23. 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**

24. 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**

25. 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.
26. 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**

27. 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**

28. 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**

29. 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.

30. 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.
31. 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**

32. 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**

33. None

### **Other Implications**

34. None

### **Options Considered**

35. 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**

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

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Tel no. 020 8132 1588



Date of report      24<sup>th</sup> February 2022

**Appendices**

Appendix 1 – Draft Pension Board Work Plan for 2022/23

**Background Papers** - None

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# PENSIONS BOARD

## Draft Work Plan

**2022/23**

Date of Meeting	Title of Report	In-line with PB Terms of Reference (no.)	Responsible Officer
June 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 The Pensions Regulator Code of Practice	55a-55e	Finance Manager (Pension & Treasury)
	Review Asset Voting, Engagement Processes	56j	Finance Manager (Pension & Treasury)
	Review of Pensions Administration Strategy	55e & 55i	Pensions Manager
	Receive Final Account and Fund Annual Report for 2020/2021 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 2022	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 2021/2022	55l, 55m & 56e	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
December 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 Communications Policy Statement	55e & 55i	Pensions Manager
	Review Asset Voting, Engagement Processes	56j	Finance Manager (Pension & Treasury)
	Monitor Internal and External Audit Reports	56e & 55i	Finance Manager (Pension & Treasury)
	Receive actuarial valuations results	56h	Finance Manager (Pension & Treasury)
	Review of Conflicts of Interest Policy	56f	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various
March 2023	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 2023/24	55i & 55j	Finance Manager (Pension & Treasury)
	Other Ad-hoc items for consideration		Various

**London Borough of Enfield****PENSION BOARD****Meeting Date: 09 February 2022**

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**Subject: Pension Fund Business Plan and the Budget for 2022/23****Cabinet Member: Cllr Maguire****Executive Director: Fay Hammond****Key Decision: [ ]**

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**Purpose of Report**

1. This report presents the Pension Fund the budget for 2022/23 along with the 2021/22 outturn position as at 31<sup>st</sup> December 2021. It considers income and expenditure from various sources and the impact on these for the Pension Fund in the next financial year.
2. It also presents the review of the Pension Fund Business Plan for the year, outlining the Fund's goals and objectives in delivering the Council's statutory function as the administering authority of the London Borough of Enfield 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. The London Borough of Enfield Pension Fund represents an asset to the Council in terms of its ability for attracting and retaining staff who deliver services to residents. The review of the cashflow should lead to more effective management of the Fund.
5. A significant element of the Council's budget is the employer's contribution to the Fund. Therefore, any improvement in the efficiency of the Fund that leads to improvement in investment performance or cost savings will likely reduce contributions from the Council and release funds for other corporate priorities.
6. The London Borough of Enfield Pension Fund is open to new entrants however it is maturing fast; hence this report is an update on the Pension Fund's projected cash flow forecast for 2022/23 to 2023/24. The Fund is projecting a £3.099m projected deficit on its income and expenditure at the end of this financial year 2021/22 without any cash draw down from investments. The Fund is also expecting a projected cash short fall in 2022/23 and 2024/25 as the Fund expenditure exceeds the income from contributions.

### **Proposal(s)**

7. Pension Policy and Investments Committee are recommended to:
  - a) note the Business Plan attached as Appendix 1 to this report;
  - b) note the Revenue Budget for 2021/22 and the cashflow forecast from operational activities for 2022/23 and 2023/24 attached as Appendix 2.

### **Reason for Proposal(s)**

8. Under the Local Government Pension Scheme (LGPS) Regulations, the Council is required to maintain a Pension Fund for its employees and other scheduled bodies as defined in the Regulations. The Regulations also empower the Fund to admit employees of other defined (e.g. other public bodies, housing corporations) bodies into the Fund.
9. The proposed business plan and budget for the Fund has been put together to assist in the management of the Fund and to ensure that the Council is able to perform its role as the administering authority in a structured way. The Business Plan and the budget are not intended to cover all aspects of Pension Fund administration and management; rather they are designed to assist with meeting part of its delegated function as administering authority to the Fund.
10. The London Borough of Enfield Pension Fund is part of the wider Local Government Pension Scheme (LGPS). The Scheme as with other LGPS schemes is funded and distinct from 'pay as you go' schemes which are unfunded.
11. The Fund receives contributions and investment income from current members, employers and fund assets which is used to pay benefits as they fall due. Consequently, one of the main objectives of the Fund is to ensure that sufficient funds are available to meet all benefits as they fall due for payment. However, this objective may be jeopardised if the Fund does not maintain sufficient liquidity. The Pension Policy & Investments Committee is charged with meeting the duties of the Council in respect of the Pension Fund.
12. This report is presented to the Board as one of the core functions of the Board is to ensure the effective and efficient governance and administration of the Scheme.

### **Relevance to the Council's Corporate Plan**

13. Good homes in well-connected neighbourhoods.
14. Build our Economy to create a thriving place.
15. Sustain Strong and healthy Communities.



## Background

16. 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.
17. 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 Committee, supported by officers of the Council and advisers to the Pension Fund. The Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Fund matters. A local pension board is in place to assist with:
  - securing compliance of Fund matters and
  - ensuring the efficient and effective governance and administration of the Fund.
18. It is appropriate that the Committee should set out how it intends to fulfil its obligations as the delegated authority appointed by the Council to be responsible for the Fund. Adopting a planned approach should make monitoring easier for the Committee and ensure that activities critical to the effective management of the Fund are being undertaken.
19. **The primary objectives** of the Fund are sub-divided into specific areas of ***governance, funding, investments, administration and communications*** which are covered in turn below.
20. **Governance Objectives**
  - i) All staff, Pension Board and Pension 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.
  - ii) The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.
  - iii) To understand and ensure compliance with all relevant legislation.
  - iv) To ensure the Fund aims to be at the forefront of best practice for LGPS funds
  - v) Ensures the Fund manages Conflicts of Interest
21. **Funding Objectives**
  - vi) To ensure the long-term solvency of the Fund.
  - vii) To help employers recognise and manage pension liabilities as they accrue.
  - viii) To minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so.
  - ix) To use reasonable measures to reduce the risk to other employers and ultimately to the Council Taxpayer from an employer defaulting on its pension obligations. (Including: addressing the different characteristics of

disparate employers or groups of employers to the extent that this is practical and cost effective).

**22. Investment Objectives**

- x) Optimising the return on investment consistent with a prudent level of risk
- xi) Ensure that there are sufficient assets to meet the liabilities as they fall due (i.e. focus on cash flow requirements)
- xii) Ensure the suitability of assets in relation to the needs of the Fund (i.e. delivering the required return).
- xiii) Ensuring that the Fund is properly managed (and where appropriate being prepared to change).
- xiv) Set an appropriate investment strategy for the Fund to allow the Administering Authority to seek to maximise returns (and minimise the cost of benefits) for an acceptable level of risk'). Ensure return seeking assets are in line with Funding objectives.

**23. Administration Objective**

- xv) To deliver an efficient, quality and value for money service to its scheme employers and scheme members.

**24. Communications Objective**

Ensure that all stakeholders are kept informed of developments within the Pension Fund. Ensuring that all parties are aware of both their rights and obligations within the Fund.

**PENSION FUND REVENUE ACCOUNT**

- 25. For a number of years, the Pension Fund has received considerably more in contributions than it has paid out in benefits and has therefore experienced strong positive cashflow. Despite ongoing budgetary pressures, active membership has increased thanks to Auto-enrolment and a shift from temporary to permanent staff contracts, whilst the Council's contribution rate has reduced to the over funded position of the Fund from 2019 formal valuation outcome. During 2020/21, contributions received exceeded benefits paid by £4.343m, which is relatively consistent with previous years.
- 26. The outcome of the most recent (2019) valuation has been a reduction in the Council's contribution rate from 22.8% to 20% for 2020/21 to 2022/23. Contribution rates beyond this point will depend on the outcomes of 2022 and future valuations.
- 27. Additionally, ongoing reductions to the Local Government settlement mean that the Council remains under considerable financial pressure; whilst officers of the Fund are not currently aware of large scale plans for staff reductions, it is prudent to consider that these may be possible.
- 28. Although the scheme remains open, LGPS funds are beginning to mature, with increasing numbers of pensioners relative to their active membership. Large number of LGPS Funds are now cashflow negative, with many more predicted to become so in the short to medium term. The Fund's contribution rate is at the lower end of those paid by the LGPS. However, given the

ongoing budgetary pressures and planned contribution rate reductions over the next 3 years, it is appropriate to consider cashflow planning in the medium term, to ensure likely notable reductions in the Fund's cashflow are anticipated and plans made accordingly.

29. Increasing scheme maturity and reduced cashflows often necessitate changes to investment strategy. As open schemes, often with substantial deficits, LGPS Funds have tended to use strategies focused on growth, maintaining high allocations to equities. However, this is beginning to change, as deteriorating cashflows require an increased focus on income, to avoid becoming a forced seller of assets. Forward planning is therefore essential to ensure that any necessary changes are made in timely and orderly manner.
30. In order to meet the objectives of the Pension Fund, the Pension Policy & Investment Committee reviewed and agreed the business plan for the period 2022-2025 set at Appendix 1 at their last meeting of January 2022.

### **BUDGETARY ESTIMATES**

31. Members are requested to note the pension fund's Revenue Account position and note the approved budget for 2022/23 set out in Appendix 1.
32. **2021/22 Actual expenditure** - The estimates for the Pension Fund can be difficult to predict because of the uncertainty surrounding a number of aspects such as transfer values, death grants, and volatility in investment markets. Total expenditure of £48.5m was budgeted for in 2021/22; the actual amount as at 31st December 2021 was £49.2m. This indicates an increase in payments.
33. **2021/22 Actual income** – Total income of £45.4m was budgeted and £39.2m was received as at 31st December 2021. £47.7m budget has been set for 2022/23.
34. **2022/23 Proposed Budget** – As indicated above, the budget can be difficult to predict however the following paragraphs set out some of the assumptions behind the proposed 2022/23 budget estimates set out in Appendix 1.

#### ***a) Contribution Receivable***

The budget figure is based on 2020/21 activity levels using the contribution rate as stipulated by the actuary plus a 2.5% to reflect the pay award for 2022/23. The Fund is in surplus and there is an overall reduction of some 4% in respect of employers' contribution hence contribution value for 2022/23 is less.

#### ***b) Transfer Values In***

The level of transfers of staff in and out of the fund is not subject to control by the Council. Transfer values vary significantly depending on length of service, salary and can be either payable or receivable by the authority. It is not possible to make reliable forecasts of the financial effect of transfer activity.

***c) Benefits Payable***

For 2022/23, the budget figure is based on 2020/21 activity levels with a 1% per annum year on year Pensions Increase also a year on year 2% increase has been applied to the number of pensioners.

***d) Payments to account of leavers***

The level of transfers of staff in and out of the fund is not subject to control by the Council. Transfer values vary significantly depending on length of service and salary and can be either payable or receivable by the authority. It is not possible to make reliable forecasts of the financial effect of transfer activity.

***e) Administrative and other expenses borne by the scheme***

These costs are estimated on the basis of planned workloads with a 3.5% allowance for inflation. Costs include officers' time, the cost of provision of accommodation and IT facilities, bank charges, training for officers and members of the pension committee and pension board and professional advisers' fees.

***f) Investment Income***

Investment Income is assumed at 4% on average assets valuation of £1.1 billion and over 3/4 will be subsequently re-invested by the Fund Managers and also investment income is subjected to tax. This was further reduced based on declaration of some organisations declaring no dividends payments.

***g) Change in Market Value of Investments***

An investment of £1,406m is assumed to decrease by 10% due to assumed correction of asset price forecast for 2022/23. (As the economists has been saying that we are in uncharted waters). Prices for sovereign, corporate and high-yield bonds and equities are at, or near, record levels. The ultralow interest rates policy and the massive quantitative-easing programmes of the G3 central banks (the US Federal Reserve, the European Central Bank and the Bank of Japan) over the past decade. The combined return of investment income and capital growth for 2022/23 net assets has been assumed to be - 8.5% per annum.

***h) Fund Managers Fees***

Fund managers' fees are calculated at an average rate of 0.475% on average assets valuation of £1.5billion.

***i) Global Custodian Fees***

from level of current activities, the fee is set at £60,000 as per fees schedule.

**Safeguarding Implications**

35. 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.

36. **Public Health Implications**

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

**Equalities Impact of the Proposal**

38. 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**

39. 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**

40. A Business plan, work plan and budget should result in a more efficient process of managing the Pension Fund.
41. 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.
42. 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**

43. 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**

44. This report revised the work plan with updated timetable for the development of the Fund's 2021 Investment Strategy review. The development of a robust investment strategy helps the Fund to take an ordered and prudent approach to the management of its assets, helping to manage the long term costs associated with the Pension Fund.

45. Spending time developing the investment strategy helps to ensure that the Committee are fulfilling their responsibilities as quasi Trustees of the Fund and that the Fund's investment objectives and policies are clearly set out in line with the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016.

### **Legal Implications**

46. Administering authorities are now bound by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which have replaced the 2009 Regulations. These regulations set out an administering authority's statutory duties in ensuring the proper administration and management of its pension fund.
47. The Council must take proper advice at reasonable intervals about its investments and must consider such advice when taking any steps in relation to its investments.
48. One of the functions of the Pension Policy and Investment Committee is to meet the Council's duties in respect of investment matters. It is appropriate having regard to these matters, for the Committee to receive information about budgetary matters. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.
49. Members of this Committee are required by the Council's Constitution to consider pension matters and meet the various statutory obligations and the duties of the Council. This Work Plan provides for certain statutory requirements to be met and for members to be well trained and kept up to date and thus fit for purpose.
50. 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**

51. 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**

52. None

### **Other Implications**

53. None

### **Options Considered**

54. 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.

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Date of report 28<sup>th</sup> February 2022

### **Appendices**

Appendix 1 – Enfield Pension Fund Business Plan

Appendix 2 – Enfield Pension Fund Revenue Budget for 2022/23

**Background Papers** - None

## Appendix 1

### BUSINESS PLAN 2022-2025

In order to meet the objectives of the Pension Fund, the Pensions Board has to review the business plan and the Pensions Committee has to review and agree the business plan for the period 2022-2025. This has to be put into the context of a period of significant uncertainty for the Fund, which reflects not just ongoing volatility in investment markets, but also measures for structural reform which could have a fundamental impact on the overall management of the Fund.

The purpose of the business plan is to:

- a) explain the background and objectives of London Borough of Enfield for the management of the Enfield Pension Fund
- b) document the priorities and improvements to be implemented by the pension administration service during the next three years to help achieve those objectives
- c) enable progress and performance to be monitored in relation to those priorities
- d) provide staff, partners and customers with a clear vision for the next three years.

Set out in the table below is the three year business plan for the Pension Fund:

	2022/23	2023/24	2024/25	Primary Objective Reference (s)
<b>Governance Objectives</b>				
Draft Pension Fund Accounts	March - May	March - May	March - May	1,2,3,7,13,15,16
Approve Final Pension Fund Annual Report & Accounts	June - November	June - November	June - November	1,2,3,7,13,15,16
Employer Forum	November - January	November - January	November - January	3,4,7,8,9,15,16
Review Risk Register	Quarterly	Quarterly	Quarterly	1,2,5,6,7,8,9,10,11,12,13
TPR Code of Practice	Quarterly	Quarterly	Quarterly	1,2,3,4,5
Governance Policy Review	December - March	December - March	December - March	1,2,3,4,5
Self-Assessment & Review of Advisers	December - March	December - March	December - March	1,2,3,4,5
Induction Training for New Members	May – July (As Required)	May – July (As Required)	May – July (As Required)	1, 2, 4,15
Member's Training	Quarterly	Quarterly	Quarterly	1,2,4,15
Training Policy Review	November – February	November – February	November – February	1,3,4



	2022/23	2023/24	2024/25	Primary Objective Reference (s)
Pensions Board –Annual Reporting	Mar - July	Mar - July	Mar - July	1 - 16
Review Performance, funding and budget	Quarterly	Quarterly	Quarterly	1 - 16
AVC Review	April - June		April - June	1,2,3,4,5
Review Reporting Breaches Policy	September	September	September	10,15,16
Review Conflicts of Interest Policy Review	September	September	September	5
Creation & Review Cessation Policy	April - June	April - June	April - June	5,6,7,8,9,15,16
<b>Funding Objectives</b>				
Preparation and Update of Actuarial Valuation	As Required	As Required	As Required	5,6,7,8,9,15,16
Review of Funding Strategy Statement	As Required	As Required	As Required	5,6,7,8,9,15,16
<b>Investments Objectives</b>				
Review Investment Strategy Statement	February - September	As required	As required	1,3,10,11,12,13, 14 ,15,16
Responsible Investment Policy Review	February - September	As required	As required	1,3,10,11,12,13, 14 ,15,16
Monthly Meeting with Asset Managers	Ongoing	Ongoing	Ongoing	1,4,6,8,9,10,11, 12,13,14
Investment in Paris Aligned and Alternative Fixed Income	April - June			1,2,4,10,11,12, 13,14,15
Investment in Clean Energy, Renewable Energy and or Private Debt	July - December			1,2,4,10,11,12, 13,14,15
Review Investment Consultancy Contract	June	June	June	5,10,11,12,13, 14,15
Review Actuarial Services Contract	September	September	September	5,10,11,12,13, 14,15
Strategic Asset Allocation – Regular Review	Ongoing	Ongoing	Ongoing	1,4,6,8,9,10,11, 12,13,14
Carbon Footprint Audit	Dec - June	Dec - June	Dec - June	5,6,7,8,9,15,16
Pension Fund Treasury Management Strategy	February - June	February - June	February - June	1,9,10,11,12,13, 14,15
Investment Performance Review	Quarterly	Quarterly	Quarterly	1,2,4,10,11,12, 13,14,15
Individual Manager Review	Monthly	Monthly	Monthly	1,2,4,10,11,12, 13,14,15

	2022/23	2023/24	2024/25	Primary Objective Reference (s)
Asset/Liability Monitoring	Ongoing	Ongoing	Ongoing	5,10,11,12,13,14,15,16
Collaborative working-London CIV	Ongoing	Ongoing	Ongoing	1,2,4,10,11,12,13,14,15
<b>Pension Administration</b>				
Pension Administration Strategy	April - June	January – March	January – March	1,2,3,7,9,15,16
McCloud Remedial Judgement Monitoring	June - December	June - December	June - December	1,2,3,7,9,15,16
GMP Reconciliation	April-September			1,2,3,15,16
Employer data Improvements	Ongoing	Ongoing	Ongoing	1,2,3,7,9,15,16
Administering Authority Discretions Review	April - June	April - June	April - June	1,2,3,4,5,9,10,15,16
Admitted Bodies Policy	September	September	September	1,2,3,4,5,9,10,15,16
Employing Authority Discretions	April - June	April - June	April - June	1,2,3,4,5,9
<b>Communications</b>				
Annual Benefit Statements	August	August	August	15,16
Auto-Enrolment /Workplace Pensions	Ongoing	Ongoing	Ongoing	1,2,3,15,16
Communications Policy Review	January-March	January-March	January-March	1,2,3,15,16
Annual General Meeting (AGM)	January - March	June/July	June/July	1,2,3,4,7,8,9,15,16

**Appendix 2****Pension Fund Budget 2021/22 and Cashflow Forecast For 2022/23 & 2023/24**

	2020/21 Actual at 31st Mar 2021 £,000	Budget for 2021/22 £,000	Budget for 2022/23 £,000	Forecast for 2023/24 £,000
<b>Contributions Receivable</b>				
- from Employer	36,976	34,165	37,581	38,709
- from Employees	12,055	11,200	10,080	8,173
<b>Transfer Values In</b>	5,454			
<b>Sub - Total Income</b>	<b>55,015</b>	<b>45,365</b>	<b>47,662</b>	<b>46,883</b>
<b>EXPENDITURE</b>				
<b>Benefits Payable</b>				
- Pensions	(37,222)	(36,905)	(40,595)	(41,811)
- Purchase of Pensions				
- Lump Sums: Retirement Allowances & Death Grants	(7,152)	(7,995)	(8,795)	(10,110)
- Transfer Values Out	(4,639)			
<b>Administrative and other expenses borne by the scheme</b>				
- Administration and processing	(1,530)	(955)	(860)	(870)
- Actuarial fees	(90)	(30)	(55)	(50)
- Audit fees	(36)	(21)	(21)	(21)
- Legal and other professional fees	(3)	(10)	(9)	(10)
<b>Sub - Total Expenses</b>	<b>(50,672)</b>	<b>(45,917)</b>	<b>(50,335)</b>	<b>(52,872)</b>
<b>Investment management Expenses (Invoice)</b>				
-Fund Managers Invoiced Fees	(2,193)	(2,412)	(2,171)	(2,139)
-Global Custodian Fees	(83)	(60)	(54)	(60)
-Investment Consultancy Fees	(116)	(75)	(68)	(75)
<b>Total Expenditure</b>	<b>(53,064)</b>	<b>(48,464)</b>	<b>(52,628)</b>	<b>(55,147)</b>
<b>NET CASH INFLOW/OUTFLOW</b>	<b>1,951</b>	<b>(3,099)</b>	<b>(4,966)</b>	<b>(8,264)</b>
Opening Cash Balance	100,913	103,785	50,686	15,721
Forecast Cash Investments Injection		(50,000)	(30,000)	
<b>Forecast Closing Cash Balance</b>	<b>102,864</b>	<b>50,686</b>	<b>15,721</b>	<b>7,457</b>
<b>Administrative and other the scheme expenses</b>	<b>(1,749)</b>	<b>(1,035)</b>	<b>(945)</b>	<b>(950)</b>
<b>Investment management Expenses</b>	<b>(10,315)</b>	<b>(5,380)</b>	<b>(7,925)</b>	<b>(6,380)</b>
<b>Total Admin &amp; Investment Expense</b>	<b>(12,064)</b>	<b>(6,414)</b>	<b>(8,870)</b>	<b>(7,329)</b>

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**PENSION POLICY & INVESTMENT COMMITTEE - 27.1.2022****MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT  
COMMITTEE  
HELD ON THURSDAY, 27 JANUARY 2022****COUNCILLORS**

**PRESENT** Tim Leaver, Edward Smith and Terence Neville OBE JP

**ABSENT** Claire Stewart and Doug Taylor

**OFFICERS:** Bola Tobun (Finance Manager (Pensions and Treasury))

**Also Attending:** Carolan Dobson (Independent Advisor), Daniel Carpenter (Aon), and Joe Peach (Aon), Tapan Datta (Aon)

**1  
WELCOME AND INTRODUCTIONS**

Councillor Tim Leaver (Chair) welcomed everyone to the meeting. Apologies were received from Cllr Doug Taylor and Cllr Claire Stewart.

**2  
DECLARATION OF INTERESTS**

None

**3  
MINUTES OF THE PREVIOUS MEETING 25 NOV 2021**

The minutes of the meeting held on 25 November 2021 were agreed as complete and accurate.

**4  
PENSION BOARD UPDATE**

No update as the last Pension Board meeting was cancelled and has been rescheduled to 3 February 2022.

**5  
KEY DEVELOPMENTS ON INVESTMENTS & ASSET MANAGERS**

There were no major key developments on investments and asset managers.

The transition of moving from the LCIV global alpha fund into LCIV global Paris aligned fund is underway.

**PENSION POLICY & INVESTMENT COMMITTEE - 27.1.2022**

**6**

**LOCAL GOVERNMENT PENSION SCHEME**

Bola Tobun advised that the GAD report for section 13 is out comparing all the funds using standard actual variation terms. Report has not been produced yet.

**Action:** Report to be circulated to members and brought to the next meeting.

**7**

**DRAFT ENFIELD PENSION FUND BUSINESS PLAN AND PPIC WORK PLAN FOR 2022/23**

The plan was presented to the presented to the committee and was consistent with previous years.

It was noted that there is a need to ensure the diary management of committees so they do not coincide with council meetings.

The plan was noted and accepted.

**8**

**ENFIELD PENSION FUND CASHFLOW FORECAST 2022/23 TO 2024/25**

Bola Tobun presented the operational cashflow forecast.

The cash flow net position is negative for the year. However, there is sufficient liquidity in the pension fund to manage any operational shortfall.

The report was noted and the committee will review it quarterly.

**9**

**LONDON CIV - AMENDMENTS TO SHAREHOLDER AGREEMENT (SHA) AND ARTICLES OF ASSOCIATION (AA) (PART2)**

The committee received a restricted report on the LCIV amendments to the shareholder agreement and articles of association from Bola Tobun.

The committee agreed to approve the amended articles and shareholder agreement.

Following discussions, it was agreed to contact the LCIV to confirm what the process would be, in the possible event that any member wishes to exit.

**ACTIONS:**

- To confirm agreement to the changes to the shareholder agreement and articles
- To contact LCIV to clarify any exit mechanism

**PENSION POLICY & INVESTMENT COMMITTEE - 27.1.2022**

**10**

**CMA INVESTMENT CONSULTANT STRATEGIC OBJECTIVES REVIEW-AON (PART 2)**

The Committee received a restricted report on CMA investment consultant strategic objectives review.

The committee noted the proposal. After discussions the proposal was agreed, there have been no changes and will review the full report at the next meeting.

**ACTION:** To bring CMA investment objectives to the next meeting.

**11**

**AGM –AGENDA PLANNING (PART 2)**

- Bola Tobun presented a draft agenda with proposed meeting date of 10<sup>th</sup> March.
- The final agenda will be sent 2 weeks beforehand.
- We will look at doing a virtual live event, with members and speakers there in person.

**12**

**FURTHER DISCUSSION ON RESPONSIBLE INVESTMENT POLICY AND NET ZERO IMPLEMENTATION PLAN (PART 2)**

- Further discussion was held on the responsible investment policy and net zero implementation. The committee welcome Aon's input and then start the governance review of it.

**ACTION:**

- Bola to circulate document from Aon with view on best practice and ask for feedback from members.
- Informal meeting to be held online at 09:30 on 18 February for a review.

**13**

**AOB**

- We intend to initiate a tender process for the independent advisor.
- Part 2 discussion was held on US court action against Blue Crest Investment. Members requested Aon to investigate whether there is a similar action being pursued in the UK or whether there is a possibility of such action
- The next meeting will be on 31 March 2022.

**PENSION POLICY & INVESTMENT COMMITTEE - 27.1.2022**

**ACTIONS:**

- Initiate tender process for independent advisor
- Follow up with Aon on Blue Crest.