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LOCAL PENSION BOARD

Thursday, 15th December, 2022 at 10.00 am in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

co : Pauline Kettless (Employee Side); Paul Bishop (Employee Side); Tracy Adnan (Employee Side); Victor Ktorakis (Employee Side); Alison Cannur (Employer Side) ettless, Paul Bishop, Adnan, Ktorakis (Senior Environmental Health Officer), Alison Cannur, Nawshad Ali, Guney Dogan and Joannides

AGENDA – PART 1

1. WELCOME AND APOLOGIES

2. DECLARATION OF INTERESTS

Members are asked to declare any disclosable pecuniary, other pecuniary or non-pecuniary interests relating to items on the agenda.

3. MINUTES OF THE PREVIOUS MEETING (Pages 1 - 6)

To agree the minutes of the previous meeting held on 15 September 2022.

4. ENFIELD PENSION FUND QUARTERLY BUDGET OUTTURN REPORT FOR SEPTEMBER 2022 (Pages 7 - 30)

Pension Board are recommended to note the forecast and outturn position based on the cashflow forecast from operational activities for 2022/23, attached to this report as Appendix 1.

5. EMPLOYER CONTRIBUTIONS REPORT (Pages 31 - 36)

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

6. **DRAFT ENFIELD PENSION FUND ANNUAL REPORT AND ACCOUNTS 21/22** (Pages 37 - 236)

Members are recommended to:

a) Note the contents of this report;

b) Note the Pension Fund Accounts for 2021/22, set at Section 2 of the Pension Fund Annual Report attached as Appendix A to this report;

c) Note the draft Enfield Pension Fund Annual Report and Accounts for 2021/22 attached as Appendix A to this report;

d) Note the Enfield Pension Fund ranking and returns as prepared and produced by PIRC (Pensions & Investment Research Consultants Ltd) UK Local Authority League table for 2021/22, set in section 31 to 34 and Appendix B of this report.

7. **PENSION TEAM UPDATE REPORT** (Pages 237 - 254)

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

8. **AN UPDATE ON THE EFFECT OF SOARING UK INFLATION ON LGPS**

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

9. **PENSION POLICY & INVESTMENT COMMITTEE MINUTES** (Pages 255 - 258)

The Local Pension Board are recommended to note the contents of the draft Pension Policy & Investment Committee minutes

10. **DATES OF FUTURE MEETINGS**

To note the date of the future meeting:

Wednesday 10 April 2023

11. **EXCLUSION OF THE PRESS AND PUBLIC**

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

12. PART TWO ITEMS - CONTAINING EXEMPT INFORMATION

13. LCIV QUARTERLY UPDATE (Pages 259 - 360)

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

14. TRIENNIAL VALUATION RESULTS 2022 AND REVIEW OF FUNDING STRATEGY STATEMENT FOR ENFIELD PENSION FUND (Pages 361 - 442)

Members are recommended to:

a) Note the contents of this report;

b) Note the Fund Actuary will be presenting updates at this meeting as part of the training section for members;

c) Note the approved initial results of 31st March 2022 triennial actuarial valuation attached to this report as Appendix 1;

d) Note the draft Funding Strategy Statement (FSS) of the Enfield Pension Fund attached to this report as Appendix 2.

15. DLUHC'S CONSULTATION (Pages 443 - 482)

The Pension Board are recommended:

a) to note the contents of this report.

b) to note the response from London CIV attached as Appendix 1, LAPFF as Appendix 2 and Scheme Advisory Board as Appendix 3; and

c) to note Enfield Pension Fund response attached as Appendix 4.

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MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 15TH SEPTEMBER, 2022

MEMBERS: Pauline Kettless (Chair), Councillor Chris Joannides, Paul Bishop (Unison), Tracy Adnan (Unison),

Officers: Bola Tobun Finance Manager (Pensions and Treasury), Julie Barker (Head of Exchequer Services), Tracey Rogers (Principle Exchequer Officer Pensions), Robyn Mclintock (Governance Officer)

Also attending: Keith Bray (LAPFF), Tessa Younger (PIRC),

Apologies: Fay Hammond, Alison Cannur, Cllr Ali, Cllr and Tim O'Connor

1. WELCOME & INTRODUCTION

The Committee Administrator welcomed everybody to the meeting and read a condolence for Her Majesty The Queen.

A one minutes silence was held.

Apologies were received from Fay Hammond, Alison Canur, Councillor Ali and Tim O'Connor.

2. DECLARATION OF INTERESTS

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

3. APPOINTMENT OF CHAIR

Pauline Kettless was appointed the Chair of the Local Pension Board.

4. APPOINTMENT OF VICE CHAIR

Cllr Chris Joannides was appointed as Vice Chair of the Local Pension Board.

5. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 09 March 2022 were agreed.

6. LAPFF PRESENTATION

Keith Bray and Tessa Younger presented this item highlighting the following points.

1. The areas of concern include environmental issues, tax transparency, mining companies relationships with local communities, supply chain labour standards, boardroom structures, Directors remuneration, accounting standards and the appointment and role of auditors.
2. Climate action is a clear priority for 22/23.
3. LAPFF encourages the development of zero carbon-aligned business models by engaging with high carbon emitters, those who can drive clean energy transition and those integral to systematic change.
4. LAPFF will continue to remain fund based and continue to engage with companies and issue occasional voting alerts.

The Chair thanked for the presentation noting it demonstrated a huge change from where we was a few years ago.

7. ENFIELD PENSION BOARD GENERAL REMIT, TERMS OF REFERENCE AND WORK PROGRAMME FOR 2022/23

NOTED the terms of reference.

ACTION: Quorate number to be updated to 3 people overall.

Members of the board requested the TOR to have at least 4 meetings per year instead of 2 as this would be good practice.

Members raised concerns that due to the cost-of-living crisis members of the pension scheme may opt out. Officers confirmed that there has been so significant change so far. If people opt to leave they are offered the 50/50 option.

AGREED the work programme.

8. ENFIELD PENSION FUND BUSINESS PLAN AND BUDGET FOR 2022/23

Bola Tobun (Finance Manager, Pension & Treasury) presented this item highlighting the Pension, Policy and Investment Committee has approved the Enfield Pension Fund Business Plan and Budget attached.

The Chair requested for the Board to be kept up to date and for this item to be kept under review due to the current market conditions.

Julie Barker (Head of Exchequer Services) suggested reviewing the Business Plan in December. This was welcomed by the Board given current uncertainties.

ACTION: Bola to provide quarterly update.

The business plan and budget for 2022/23 were noted.

9. PENSION TEAM UPDATE REPORT

Julie Barker (Head of Exchequer Services) presented this item highlighting the following points.

We are required to make clear where people can access the financial guidance from the right bodies, without providing the advice ourselves.

Members raised question on the Pension Boards Team working arrangements and Officers confirmed they are almost fully staffed and they are looking at a restructure. The focus will be on technical skills and support for the admin team to assist on the work of the dashboard and member self-service.

NOTED the report.

10. PENSION ADMINISTRATION RISK REGISTER

RECEIVED the Pension Administration Risk Register.

11. EMPLOYER CONTRIBUTIONS REPORT

NOTED the report.

Bola Tobun presented this item for members to note the employers who are contributing in timely manor.

There have been 4 late payments but are of no concern.

12. LCIV QUARTERLY UPDATE

Bola Tobun presented this item.

The LCIV currently has 25% of Enfield £1.5 Billion Pension Fund in investments.

The Pensions, Policy and Investment Committee are looking into what we can put into their investment pool going forward.

They have a new CEO starting in November 2022.

NOTED the report.

13. DRAFT ENFIELD PENSION FUND ANNUAL REPORT AND ACCOUNTS 2020/21

Bola Tobun presented this item highlighting her suggestion to bring on an Independent Chair.

The Employee members of the Board raised concerns over the idea of introducing and Independent Chair to the Board and any costs associated with this.

The members would like to see the employer side present at more of the meetings.

ACTION: Bola to report on why Independent Chair had been suggested.

NOTED the report

14. PENSION POLICY & INVESTMENT COMMITTEE MINUTES 27TH JULY 2022

Bola Tobun presented this item highlighting the following points.

The new Chair of the Committee is Cllr Doug Tayor and the new Vice-Chair is Cllr Tim Leaver.

At their last meeting it was approved to carry on with the Paris Aligned Fund and another investment in the LCIV with global bonds.

The Chair of the Local Pension Board and members are able to attend the Pension, Policy & Investment Committee should they wish to attend. The calendar invites will be sent to the Chair.

15. EFFECT OF DETERIORATING UK INFLATION & GROWTH ON THE PENSION FUND

Bola Tobun presented this item highlighting the following point.

The UK is not showing the same growth as the US.

The report shows the dollar is strong and pound sterling is showing weak.

Unemployment figures have dropped sharply, but it is starting to rise.

Our fund is very stable as we only have 40% overall equity. After the actuary evaluation we will re look at our investment strategy to see whether the asset locations are in the right place to secure the growth for the fund.

ACTION: Bola to send updates from presentation slides.

16. PENSION BOARD AND PPIC COMPOSITION UPDATE

Bola Tobun presented this item.

A governance report was provided to the Pension Policy and Investment Committee last year to include a scheme member and employer rep as part of the Committee which has been approved by them.

Bola to keep the board updated.

17. DATES OF FUTURE MEETINGS

The Board requested to change the dates of the next meetings to 15 December and 15 March.

ACTION: Check new dates and amend calendar invite.

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London Borough of Enfield

PENSION BOARD

Meeting Date: 15 December 2022

Subject:	**Enfield Pension Fund Quarterly Budget Outturn Report for September 2022**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

1. This report presents the Pension Fund budget for 2022/23 along with the 2021/22 outturn position as of 31st March 2022. It considers income and expenditure from various sources and the impact of these on the Pension Fund cashflow forecast for the current financial year 2022/23 and 2023/24.

2. 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.

3. 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.

4. 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.

Proposal(s)

5. Pension Board are recommended to note the forecast and outturn position based on the cashflow forecast from operational activities for 2022/23, attached to this report as Appendix 1.

Reason for Proposal(s)

6. 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.

7. 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.

8. 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.

9. This report is presented to the Board as one 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

10. Good homes in well-connected neighbourhoods.

11. Build our Economy to create a thriving place.

12. Sustain Strong and healthy Communities.

Background

13. 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.

14. 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.

15. 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.

PENSION FUND REVENUE ACCOUNT

Internal - Official - Sensitive

16. 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. For the reporting period contributions received exceeded benefits paid by just under £1m, which is relatively consistent with previous years.

17. 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.

18. 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 othe 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.

19. 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.

20. 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 at their last meeting of July 2022.

BUDGETARY ESTIMATES

21. Members are requested to note the pension fund's Revenue Account position as at 30th September 2022 set out in Appendix 1.

22. **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 2021/22 activity levels using the contribution rate as stipulated by the actuary plus a 2.5% to reflect the pay award for 2022/23.

b) Transfer Values In

Internal - Official - Sensitive

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 2021/22 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 £1.4billion 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 £1,525m is assumed to decrease by 10% due to assumed correction of asset price forecast for 2022/23. 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.

23. **2022/23 Actual expenditure -** The estimates for the Pension Fund can be difficult to predict because of the uncertainty surrounding a number of aspects

Internal - Official - Sensitive

such as transfer values, death grants, and volatility in investment markets. Total expenditure of £54.6m was budgeted for 2022/23, and £27.3m was expected to be expend by 30th September 2022. The actual amount as at 30th September 2022 was £25.7m, this indicates a reduction of £1.6m.

24. **2022/23 Actual income** – Total income of £60.1m was budgeted for the year and £30m was expected to be received by 30th September 2022. £32.4m was received as £6.7m was received inform of transfer value in.

Safeguarding Implications

25. 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.

26. **Public Health Implications**

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

30. A Business plan and budget should result in a more efficient process of managing the Pension Fund.

31. The adoption of a business plan and budget setting 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.

32. 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

Internal - Official - Sensitive

33. 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

34. 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.

35. 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. However, in light of ongoing budgetary pressures for the Council and the recent reduction in its contribution rate, it is prudent to ensure that the likely impacts of reduced cashflows into the Fund are understood and planned for.

36. Budget setting on an annual basis along with the additional cashflow work undertaken would assists the Committee in understanding the full impact of potential changes as a result of any significant falls in membership numbers or planned changes in contribution rates.

Legal Implications

37. 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.

38. 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).

39. The Pension Policy and Investment Committee has been given delegated authority to manage the Pension Fund; under the Council's constitution they must therefore 'set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and develop a medium term plan to deliver those objectives'. It is appropriate having regard to these matters, for the Committee to receive information about budgetary matters.

40. Management of the Fund's solvency is a key objective across the short, medium and long term; the monitoring of cash flow performance is an important part of ensuring that objective is met.

41. There are no immediate legal implications arising from this report.

Workforce Implications

Internal - Official - Sensitive

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

Property Implications

43. None

Other Implications

44. None

Options Considered

45. None

Conclusion

46. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties. Monitoring the Pension Fund's financial position including the prospects for cash flow helps the Committee to ensure that they are meeting their fiduciary role in the management of the Fund.

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Date of report 30th November 2022

Appendices
Appendix 1 – Enfield Pension Fund Quarterly Budget Outturn position as at September 2022

Background Papers - None

Internal - Official - Sensitive

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Appendix 1 - Pension Fund Quarterly Budget Outturn as at 30th September 2022

2021/22 Actual £'000		2022/23 Estimate £'000	Actuals to Sept. £'000	Forecast to Sept. £'000	Budgetary Differences as at Sept 2022	Comments
12,846	Employee contributions	14,131	6,445	7,065	(620)	Less contribution recived
39,057	Employer contributions	42,963	18,985	21,481	(2,496)	Less contribution recived
2,000	Early retirements	3,000	259	1,500	(1,241)	Less contribution recived
2,984	Transfers in	-	6,676		6,676	Transfer in received
56,887	**Total Income**	**60,093**	**32,365**	**30,047**	**2,318**	More income than budget estimates
38,392	Pensions	42,231	20,224	21,116	(892)	less benefits paid
8,497	Retirement/death grants	9,347	4,308	4,673	(365)	less benefits paid
4,750	Transfers out	-	676	0	676	Transfer out paid
1,337	Admin costs	1,404	5	702	(697)	Less expense paid for the period
97	Oversight & Governance	107	37	53	(16)	Less expense paid for the period
1,390	Asset Managers Invoiced Fee	1,529	452	765	(313)	Less expense paid for the period
54,463	**Total Expenditure**	**54,617**	**25,702**	**27,309**	**(1,607)**	Less expense paid for the period
2,424	**Net Surplus/(Deficit)**	**5,476**	**6,663**	**2,738**	**3,925**	
20.00%	**Employers contribution %**	**20.00%**	**20.00%**	**20.00%**	**20.00%**	

Pension Fund Budget Outturn as at 30th September 2022

2021/22 Actual £'000		2022/23 Estimate £'000	Sep-22 Outturn £'000	2022/23 Forecast	Budgetary Difference as at Sept 2022
12,846	Employee contributions	14,131	6,445	7,065	(620)
39,057	Employer contributions	42,963	18,985	21,481	(2,496)
2,000	Early retirements	3,000	259	1,500	(1,241)
2,984	Transfers in	-	6,676		6,676
56,887	**Total Income**	**60,093**	**32,365**	**30,047**	**2,318**
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54,463	**Total Expenditure**	**54,617**	**25,702**	**27,309**	**(1,607)**
2,424	**Net Surplus/(Deficit)**	**5,476**	**6,663**	**2,738**	**3,925**
20.00%	**Employers contribution %**	**20.00%**	**20.00%**	**20.00%**	**20.00%**

Comments		2023/24	2024/25
		Estimate	**Estimate**
		£'000	**£'000**
Less contribution recived		12,718	12,082
Less contribution recived		38,666	36,733
Less contribution recived		2,400	1,920
Transfer in received		-	-
More income than budget estimates		**53,784**	**50,735**
less benefits paid		47,299	52,029
less benefits paid		9,814	10,305
less benefits paid		-	-
		1,263	1,137
Less expense for the period		112	123
		1,453	1,380
		59,941	**64,974**
		-6,157	**-14,239**
		18.90%	**18.90%**

ENFIELD Council

Appendix 1

Pension Fund Budget 2022/23 and Cashflow Forecast For 2023/24 & 2024/25

	2021/22 Actual at 31st Mar 2022 £,000	Budget for 2022/23 £,000	Forecast for 2023/24 £,000	Forecast for 2024/25 £,000
Contributions Receivable				
- from Employer	39,966	41,165	37,048	38,160
- from Employees	11,078	9,200	8,280	6,319
Transfer Values In	3,971		0	
Sub - Total Income	**55,015**	**50,366**	**45,329**	**44,480**
EXPENDITURE				
Benefits Payable				
- Pensions	(35,828)	(36,905)	(33,214)	(34,209)
- Purchase of Pensions				
- Lump Sums: Retirement Allowances & Death Grants	(6,949)	(7,995)	(7,196)	(8,271)
- Transfer Values Out	(5,173)			
Administrative and other expenses borne by the scheme				
- Administration and processing	(1,145)	(955)	(860)	(870)
- Actuarial fees	(60)	(30)	(55)	(50)
- Audit fees	(21)	(21)	(21)	(21)
- Legal and other professional fees	(5)	(10)	(9)	(10)
Sub - Total Expenses	**(49,181)**	**(45,917)**	**(41,355)**	**(43,431)**
	5,834	**4,450**	**3,974**	**1,049**
Investment management Expenses				
-Fund Managers Fees	(7,732)	(5,245)	(4,720)	(2,362)
-Global Custodian Fees	(63)	(60)	(54)	(60)
-Investment Consultancy Fees	(130)	(75)	(68)	(75)
Total Expenditure	**(51,272)**	**(46,847)**	**(42,223)**	**(44,879)**
NET CASH INFLOW/OUTFLOW	**3,743**	**3,519**	**3,106**	**(399)**
Opening Cash Balance	**58,091**	**53,785**	**12,304**	**15,410**
Forecast Cash Investments Injection		**(45,000)**		
Forecast Closing Cash Balance	**61,834**	**12,304**	**15,410**	**15,011**
Administrative and other the scheme expenses	(1,231)	(1,035)	(945)	(950)
Investment management Expenses	(7,925)	(5,380)	(4,842)	(2,497)
Total Admin & Investment Expense	**(9,156)**	**(6,414)**	**(5,787)**	**(3,445)**

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
Contributions Receivable				
- from Employer	36,976	34,165	37,581	38,709
- from Employees	12,055	11,200	10,080	8,173
Transfer Values In	5,454			
Sub - Total Income	**55,015**	**45,365**	**47,662**	**46,883**
EXPENDITURE				
Benefits Payable				
- 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)			
Administrative and other expenses borne by the scheme				
- 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)
Sub - Total Expenses	**(50,672)**	**(45,917)**	**(50,335)**	**(52,872)**
Investment management Expenses (Invoice)				
-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)
Total Expenditure	**(53,064)**	**(48,464)**	**(52,628)**	**(55,147)**
NET CASH INFLOW/OUTFLOW	**1,951**	**(3,099)**	**(4,966)**	**(8,264)**
Opening Cash Balance	**100,913**	**103,785**	**50,686**	**15,721**
Forecast Cash Investments Injection		**(50,000)**	**(30,000)**	
Forecast Closing Cash Balance	**102,864**	**50,686**	**15,721**	**7,457**
Administrative and other the scheme expenses	(1,749)	(1,035)	(945)	(950)
Investment management Expenses	(10,315)	(5,380)	(7,925)	(6,380)
Total Admin & Investment Expense	**(12,064)**	**(6,414)**	**(8,870)**	**(7,329)**

1SIP	Cost Centers: Actual/Plan/Variance	
Date:	01.12.2022	
Requested by:	BENNEK1	
Controlling Area	LA01	Local Authority Template
Fiscal Year	2022	
From Period	1	
To Period	6	

Cost Elements	Act. Costs	
200 Salaries Basic Admin APT&C	0.00	0.00
10020 Pfund: Retirement Pensions	20,223,886.49	
10021 Pfund: Sals Bas Adm APT&C	3,603.98	
10022 Pfund: Payroll Man Payments	1,196.56	
10024 Pfund: Enhanced Pension	8,919.89	
10025 Pfund: Death Grants	78,941.79	
10026 Fund Retirement Grant	3,592,610.72	
10027 PFund: Returned Pension Payment	-16,000.25	
10028 PFund: Death Grants - Schedule Bodies	38,735.57	
10029 PFund: Death Grants - Admitted Bodies	42,006.04	
10030 PFund: Retirement Grants Schedule Bodies	540,286.02	
10031 PFund: Retirement Grants Admitted Bodies	15,273.86	
10040 Pfund: Return of Contributions	61,789.62	
10042 Pfind: Contributions Equivalent Premium	0.00	
10043 Pfund: Transfer Values Payable	675,755.62	
10050 Pfund: Training Externalayable	3,492.00	
10058 Pfund: Audit Fee	-41,737.00	
10060 Pfund: Conference Expenses	900.00	
10061 Pfund: Actuary Fees	20,550.00	
10063 Pfund: NAPF Fees/LAPFF	16,432.00	
10082 Pfund: Investment Consultation	41,370.87	
10084 Pfund: Legal Expenses	0.00	0.00
10085 Pfund: Bank Charges	722.71	
10088 Pfund: Managers Fees	250,968.81	
10090 Pfund: Custody Fees	0.00	0.00
10091 Pfund:Mgr fee Non invoiced	200,869.55	
20010 Pfund: Change in Market Value	-80,450,233.50	-80,450,233.50
20013 Pfund:Income from Property	-604,316.19	-604,316.19
30001 Overpayments to be recovered	0.00	0.00
30002 Payroll Manual Payments	0.00	0.00
32000 Pfund: Balance Carried Forward	77,108,449.46	77,108,449.46
32001 Pfund: Balance Brought Forward	-74,863,336.01	-74,863,336.01
32002 Pfund: Cash Balances œSterling	42,427,886.25	42,427,886.25
32014 Pfund: Short Term Debtors	1,891,190.73	1,891,190.73
32015 Pfund: Creditors	-173.70	-173.70
32016 Pfund: Purchases	7,572,761.26	7,572,761.26
32017 Pfund: Sales	-8,828,083.91	-8,828,083.91
32030 Pfund: Cash Balances $Dollar	44,886,446.04	44,886,446.04
32031 Pfund:Cash Euros	23,020.70	23,020.70

10000	Pfund: Employees Contributions	-6,511,546.02	
10001	Pfund: Employers Contributions	-18,976,702.32	
10002	Pfund: Transfer Values Received	-6,675,966.01	
10003	Pfund: Early Retirement Costs	-258,641.25	
10004	Pfund: Misc Income	-150.00	-150.00
10005	PFund: Deficit Contributions Received	-8,700.00	
20001	Pfund: Interest on Coupons	-825,822.17	
20002	Pfund: Dividends	-498,120.96	
20003	Pfund: INNP Dividends	-1,089,260.86	
20006	Pfund: Interest	-77,645.09	
		1,631.30	paid/collected by LBE - ou

breakdown of outstanding balance	SAP total balances
	34,924,185.98
	- 34,922,554.68
	1,631.30

Cost Ctr	Cost Elem.	Cost element name
PJ0500	10001	Pfund: Employers Con
PJ0500	10022	Pfnd:Payroll Man Pay
PJ0500	10022	Pfnd:Payroll Man Pay
PJ0500	10022	Pfnd:Payroll Man Pay
PJ0500	10027	PFund: Return Paymnt
PJ0500	10040	Pfund:ReturnofContri

-6,444,955.86	Employee contributions
-18,985,402.32	Employer contributions
-258,641.25	Early retirements
-6,675,966.01	Transfers in
-2,490,849.08	Investment Income
-34,855,814.52	**Total Income**
20,216,806.13	Pensions
4,307,854.00	Retirement/death grants
675,755.62	Transfers out
5,114.71	Admin costs
36,615.87	Oversight & Governance
451,838.36	Asset Managers Invoiced Fees
25,693,984.69	**Total Expenditure**
-9,161,829.83	**Net Surplus/(Deficit)**
	Employers contribution %

tstanding

DocumentNo	Offst.acct	Name	Per	RefDocNo	Val.in rep.cur.
10029839	66571	LB Haringey inv 84937425	006	5000014831	-569.31
10024249	PENSIONS		006	3300287793	58.09
10024250	PENSIONS		006	3300287794	3.80
10031505	PENSIONS		006	3300288169	114.61
10024297	79106	Credit of Invoice 84811263	006	7003058578	285.95
10031719	PENSIONS		006	3300288172	1,738.16
					1,631.30

balance outstanding - pmt due to LBE	3,262.60

Doc. Date	Postg Date	Created on
30/09/2022	30/09/2022	03/10/2022
30/09/2022	30/09/2022	30/09/2022
30/09/2022	30/09/2022	30/09/2022
30/09/2022	30/09/2022	04/10/2022
30/09/2022	30/09/2022	01/10/2022
30/09/2022	30/09/2022	04/10/2022

1SIP	Cost Centers: Actual/Plan/Variance	
Date:	05.12.2022	
Requested by:	BENNEK1	
Controlling Area	LA01	Local Authority Template
Fiscal Year	2022	
From Period	1	
To Period	8	
Plan Version	0	
Cost Center Group	CZ0001..CZ9999	
Cost Element Group	*	Cost Element Group

Cost Elements	Act. Costs	**adjustment req'd**
200 Salaries Basic Admin APT&C	0.00	
10020 Pfund: Retirement Pensions	23,635,938.26	
10021 Pfund: Sals Bas Adm APT&C	3,672.04	
10022 Pfund: Payroll Man Payments	1,553.13	
10024 Pfund: Enhanced Pension	15,995.06	
10025 Pfund: Death Grants	374,060.46	
10026 Fund Retirement Grant	4,616,707.60	
10027 PFund: Returned Pension Payment	-18,554.29	
10028 PFund: Death Grants - Schedule Bodies	38,735.57	
10029 PFund: Death Grants - Admitted Bodies	42,006.04	
10030 PFund: Retirement Grants Schedule Bodies	771,628.90	
10031 PFund: Retirement Grants Admitted Bodies	27,106.89	
10040 Pfund: Return of Contributions	90,019.21	
10042 Pfind: Contributions Equivalent Premium	-185.42	
10043 Pfund: Transfer Values Payable	2,126,641.79	
10050 Pfund: Training Externalayable	3,492.00	
10058 Pfund: Audit Fee	-41,737.00	
10060 Pfund: Conference Expenses	900.00	
10061 Pfund: Actuary Fees	20,550.00	
10063 Pfund: NAPF Fees/LAPFF	20,014.34	
10082 Pfund: Investment Consultation	70,370.88	
10084 Pfund: Legal Expenses	1,795.50	
10085 Pfund: Bank Charges	972.53	
10088 Pfund: Managers Fees	357,870.44	
10090 Pfund: Custody Fees	20,471.29	
10091 Pfund:Mgr fee Non invoiced	1,897,612.75	**-1,378,529.86**
20010 Pfund: Change in Market Value	-101,245,721.81	
20013 Pfund:Income from Property	-964,618.45	
30001 Overpayments to be recovered	0.00	
30002 Payroll Manual Payments	432.88	
32000 Pfund: Balance Carried Forward	102,858,738.53	
32001 Pfund: Balance Brought Forward	-74,863,336.01	
32002 Pfund: Cash Balances œSterling	27,040,883.38	
32014 Pfund: Short Term Debtors	3,038,578.51	
32015 Pfund: Creditors	-50.53	
32016 Pfund: Purchases	30,558,733.90	**1,378,529.86**
32017 Pfund: Sales	-22,525,826.65	

32030	Pfund: Cash Balances $Dollar	48,152,066.79
32031	Pfund:Cash Euros	23,184.84
32032	Pfund: Long Term Debtors	0.00
38200	Salaries Pension Admin APT&C Staff	0.00
39019	Employee Other Enhanced Pension	0.00
49754	Printing, Stationery & Gen Office Statio	0.00
50024	Legal Services	0.00
51100	Subscriptions-Organisations	0.00
10000	Pfund: Employees Contributions	-7,633,738.30
10001	Pfund: Employers Contributions	-22,371,610.44
10002	Pfund: Transfer Values Received	-8,262,309.60
10003	Pfund: Early Retirement Costs	-259,844.36
10004	Pfund: Misc Income	-579,491.36
10005	PFund: Deficit Contributions Received	-8,700.00
20001	Pfund: Interest on Coupons	-1,664,084.26
20002	Pfund: Dividends	-2,509,769.19
20003	Pfund: INNP Dividends	-2,207,414.58
20006	Pfund: Interest	-565,761.45

corrected total
0.00
23,635,938.26
3,672.04
1,553.13
15,995.06
374,060.46
4,616,707.60
-18,554.29
38,735.57
42,006.04
771,628.90
27,106.89
90,019.21
-185.42
2,126,641.79
3,492.00
-41,737.00
900.00
20,550.00
20,014.34
70,370.88
1,795.50
972.53
357,870.44
20,471.29
519,082.89
-101,245,721.81
-964,618.45
0.00
432.88
102,858,738.53
-74,863,336.01
27,040,883.38
3,038,578.51
-50.53
31,937,263.76
-22,525,826.65

48,152,066.79
23,184.84
0.00
0.00
0.00
0.00
0.00
0.00
-7,633,738.30
-22,371,610.44
-8,262,309.60
-259,844.36
-579,491.36
-8,700.00
-1,664,084.26
-2,509,769.19
-2,207,414.58
-565,761.45
87,979.81

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London Borough of Enfield

ENFIELD PENSION BOARD

Meeting Date: 15 December 2022

Subject:	Employers Contribution Report
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

Purpose of Report

1. This report updates the Board on the collection of Employer contributions up to October 2022 which were due on 19 November 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).

2022/23 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 November 2022 is shown as Appendix 1 to this report.

16. In total there have been 9 late payments of contributions out of 245 expected payments. This is attributed to seven different employers in the Fund. Each of these employers, paid their contribution late once, since the beginning of this financial year. So, every month from April 2022 to October 2022, we had an employer paying late for the exception of Capel Manor College that was late on three different occasions.

17. **Capel Manor College** was late by a day in April, August and by two days in October 2022. **Enfield Equality Centre (EREC)** missed the June 2022 payment deadline by 18 days due to an error, the third employer **Fusion Lifestyle** missed the July payment deadline by a day due to an oversight of the admin team, **The Pantry** and **Birkin** both employers missed the August deadline by a day due to staff holidays, **WGC** missed the August payment deadline by 5 days, due to staff sickness and **Enfield Council** missed by 2 days due to administrative oversight.

Safeguarding Implications

18. 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

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

Equalities Impact of the Proposal

20. 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

21. 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

22. 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

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

Financial Implications

24. 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

25. 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

26. 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

27. None

Other Implications

28. None

Options Considered

29. No other option.

Conclusions

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

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

Date of report 30th Novemebr 2022

Appendices
Appendix 1 –Enfield PF Employers Late Contribution Payments Schedule October 2022

Background Papers - None

Employers Contributions for 2022-23

Employers	April	May	June	July	August	September	October	Total
London Borough of Enfield							**2**	**2**
Scheduled Bodies								
Capel Manor College	1				1		2	**4**
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**
Subtotal – Scheduled Bodies	**1**	**0**	**0**	**0**	**1**	**0**	**2**	**4**
Admitted Bodies								
Enfield Voluntary Action								**0**
Enfield Equality Centre (EREC)		18						**18**
Enfield Carers Centre								**0**
The Pantry (UK) Ltd					1			**1**
Hertfordshire Catering Ltd								**0**
Fusion Lifestyle			1					**1**
Sodexo								**0**
Reed Wellbeing								**0**
Birkin – Nightingale					1			**1**
Olive Dining - Edmonton								**0**

Employers Contributions for 2022-23

Employers	April	May	June	July	August	September	October	Total
Olive Dining – Nightingale								**0**
European Cleaning Services								**0**
North London Homecare & Support Ltd								**0**
WGC Ltd				5				**5**
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**
Subtotal – Admitted Bodies	**0**	**18**	**1**	**5**	**2**	**0**	**0**	**26**
Total no. days payments being late	**1**	**18**	**1**	**5**	**3**	**0**	**4**	**32**

	April	May	June	July	August	September	October	Total
Total payments due	**35**	**35**	**35**	**35**	**35**	**35**	**35**	**245**
Payments received late	1	1	1	1	3	0	2	**9**

Employers with active members.
Latymer is part of LBE but pay their own contribution.

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London Borough of Enfield

PENSION BOARD

Meeting Date: 15 December 2022

Subject:	**Draft Enfield Pension Fund Annual Report and Accounts 2021/22**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

1. There is a Statutory requirement to prepare Pension Fund Annual Report and Accounts and this report updates members on the arrangements for the preparation of the Pension Fund Annual Report and Accounts 2021/22 in accordance with regulations and the arrangements for the separate audit engagement, opinion and certificate for the Fund.

2. The Pension Fund Accounts 2021/22 is in Section 2 of the attached Appendix A to this report. The Pension Fund Accounts are subject to the normal audit of accounts process, which forms part of the overall external audit programme for the Council.

Fund assets increased significantly by £117m over the year	The net asset statement represents the net worth (£1,523m) of the Fund. This increase was due to the outperformance of the global equity market.
PIRC ranked the Fund 39th in their league table with return on investment of 9.1% for 2021/22	The PIRC average universe for local authority Pension Fund returns in 2021/22 was 8.6%. The Enfield Pension Fund had a return on investment of 9.1% and ranked 39th in the performance league. Looking at the longer-term performance, the 3 year return for the Fund was 8.6% p.a. compared with 8.3% delivered by the PIRC average universe return and for over five years, the Fund posted a return of 7% p.a. under performing the PIRC average universe of 7.1% by 0.1%.
The initial valuation results as at 31st March 2022 demonstrated a Funding level of 104%, given rise to a fund surplus of £52.5m	At the last formal valuation (31st March 2019) the Fund assets were £1,186m and the liabilities were £1,146m, exhibiting a surplus of £39m which gave rise to a funding level of 103%. The initial valuation results of 31 March 2022 gave rise to a funding surplus of £52.5m with a slight improved funding level of 104%.

Proposal(s)

3. Members are recommended to:

   a) Note the contents of this report;

   b) Note the Pension Fund Accounts for 2021/22, set at Section 2 of the Pension Fund Annual Report attached as Appendix A to this report;

   c) Note the draft Enfield Pension Fund Annual Report and Accounts for 2021/22 attached as Appendix A to this report;

   d) Note the Enfield Pension Fund ranking and returns as prepared and produced by PIRC (Pensions & Investment Research Consultants Ltd) UK Local Authority League table for 2021/22, set in section 31 to 34 and Appendix B of this report.

Reason for Proposal(s)

4. The Committee acts as quasi-trustee to the Pension Fund and as such acts in the capacity of the Administering Authority of the Pension Fund. The Committee's terms of reference require that the Annual Report and Accounts on the activities of the Fund are presented and approved prior to their publication. The Local Government Pension Scheme Regulations 2013, Regulation 57 require the Pension Fund to publish its report and accounts by 1st December following the financial year end and for the Report to contain a number of standard items.

5. The publication of the Pension Fund Annual Report and Statement of Accounts helps to keep Fund members informed, shows good governance and helps to demonstrate effective management of Fund assets.

Relevance to the Council's Corporate Plan

6. Good homes in well-connected neighbourhoods.

7. Build our Economy to create a thriving place.

8. Sustain Strong and healthy Communities.

Background

9. The Council as an administering authority under the Local Government Pension Scheme Regulations and is therefore required to produce a separate set of accounts for the scheme's financial activities and assets and liabilities.

10. The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Service Code of Recommended Practice (SERCOP). The annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 and includes all the items required.

11. The London Borough of Enfield is the Administering Authority for the London Borough of Enfield's Pension Fund and the Pension Policy and Investments Committee act as trustees of the Pension Fund which includes overseeing the accounting and financial management of the Pension Fund.

The Annual Report and Statement of Accounts

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

13. The return on investment section of the accounts sets out the movement in the net worth of the fund in the year by analysing the relevant financial transactions and movements in the market value of the investment portfolio. The statement has two main sections:
    i) The financial transactions relating to the administration of the fund; and
    ii) The transactions relating to its role as an investor.

14. Overall, the Fund's assets had increased by £117m in the financial year. The improvement was due to the out performance of the financial markets in which the Fund held its investments and a net withdrawals of fund expenditure over income.

15. The net asset statement represents the net worth (£1,523m) of the Fund as at the 31st March 2022. The statement reflects how the transactions outlined in the other statement have impacted on the value of the Fund's assets.

16. The Fund income section of the report principally relates to the receipt of contributions, from employers and active members, and the payment of pensions benefits. The section indicates that the Fund is cash positive in that the receipt of contributions exceeds payments, which stood at £3.25m net additions for 2021/22 compared to net addition of £5.5m in 2020/21.

17. Investment income increased by some £3.45m over the year as expected this is in line with the Fund assets appreciation. Transfer Values received (amounts paid over when a fund member transfers their benefits from one fund to another) was lesser by £2.5m over the year. It is not possible to predict the value of transfer value payments as they are dependent on an individual's length of service and salary and as such may vary significantly. The total contributions increased over the year by £401k.

18. In 2021/22 the overall expenditure increased by some £2.625m. The major contributors were the overall benefits paid which increased by some £2.5m over the year. The management expenses went up by £541k.

19. Overall, fund membership has increased slightly from 23,690 to 24,646, an increase in membership number of 956. The active members increased by

182 members over the year, deferred members increased by 440 and the retired membership increased by 334 members.

20. The investment performance section of the report details returns on the investment portfolio, the impact of managers' activities and investment markets on the value of investments.

21. As the pension fund accounts remain part of the financial statements of the Council as a whole, the Audit Committee retain ultimate responsibility for receiving, considering and agreeing audit plans as well as receiving any reports arising from the audit. However, the Audit Plan for the Pension Fund and any reports arising from the audit will be reported to this Committee.

22. The External Auditor provides an independent assessment of the Council's Pension Fund financial statements, systems, procedures and performance. The external auditor is required to issue an ISA 260 report, an opinion on the Council's accounts and this will include an opinion on the Pension Fund accounts. The ISA 260 report sets out their opinion and any issues which they believe the Committee should be aware of.

23. The audit of the Pension Fund accounts is yet to be completed and an ISA 260 report will be issued by the auditor once completed, at the time of writing this report ISA 260 has not been issued.

24. The Pension Fund audit is being undertaken by BDO and the audit fee is being maintained at £21,000, this would be charged to the Pension Fund.

25. The annual report also includes three key statements (Funding Strategy Statement, Investment Strategy Statement and Governance Compliance Statement) relating to the management and governance of the scheme and each statement serves a different purpose.

26. The Funding Strategy Statement (FSS) is currently being review, although a detailed review was carried out after the 2019 triennial valuation.

27. The purpose of the Funding Strategy statement is threefold:

    i) To establish a clear and transparent fund specific strategy which will identify how employers' pension liabilities are best met going forward;

    ii) To support the regulatory framework to maintain as nearly constant employer contributions rates as possible; and

    iii) To take a prudent longer-term view of funding those liabilities.

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

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

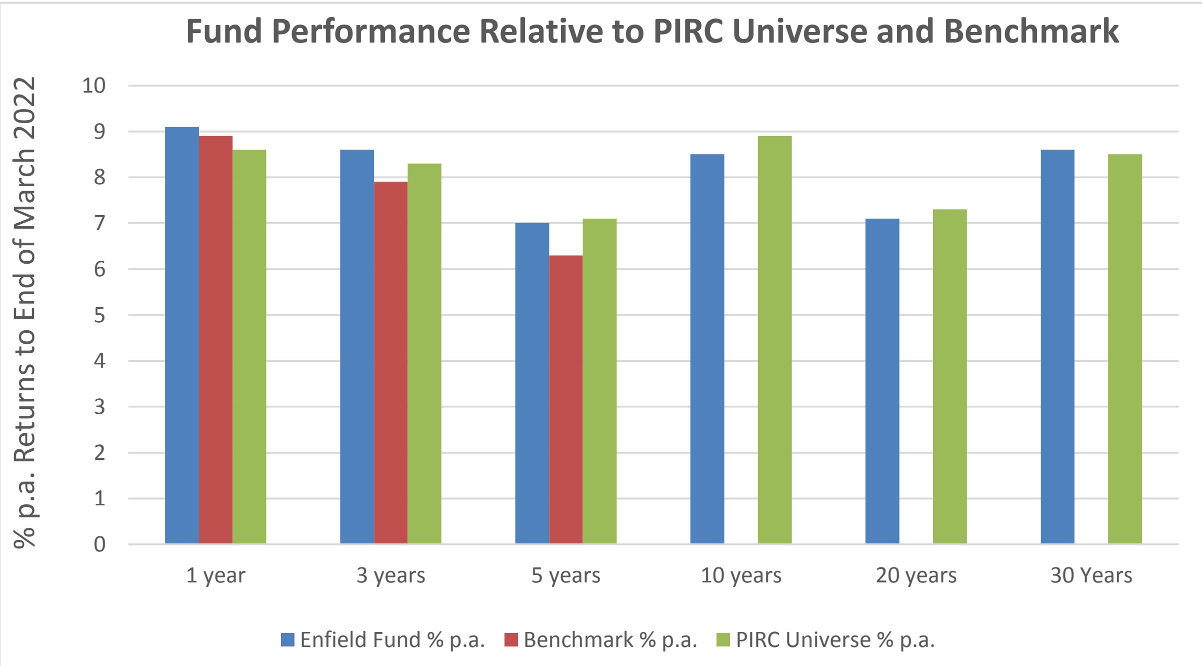
30. The Governance Compliance Statement sets out the Council's policy as the administering authority in relation to its governance responsibilities for the Fund.

PIRC League Table Performance

31. PIRC measures the performance of the Fund against their Local Authority Universe data. The PIRC Local Authority Universe is an aggregation of Funds (currently 64 Funds) within the LGPS sector that is used for peer group comparisons. The performance results set out in this section are from the league tables.

32. Fund Performance over the longer period of 5, 10, 20 and 30 year are shown in below table:

	One year	3 years	5 years	10 years	20 years	30 Years
Enfield Fund % p.a.	9.1	8.6	7.0	8.5	7.1	8.6
Benchmark % p.a.	8.9	7.9	6.3	-	-	-
PIRC Universe % p.a.	8.6	8.3	7.1	8.9	7.3	8.5
Ranking	39	48	53	66	56	36



33. The PIRC universe average for local authority Pension Fund returns for 2021/22 was 8.6% and ranked at 39th position on the league table for this period comparing this return with the Fund benchmark return of 8.9%, the Fund outperformed its benchmark and the PIRC universe average by generated 9.1% return for the period.

34. The PIRC universe 3-year average performance return for 2021/22 was 8.3% and the Fund benchmark return was 7.9%, the Enfield Fund out performed its benchmark by 0.7% and out performed the PIRC universe by 0.3% and was ranked in 48th position for this period.

Whole of Fund Valuation Results

35. The initial results of the Fund indicated a slightly improved funding level of 104% compared to 103% funding level from the last Fund formal valuation of 31 March 2019..

36. At the last 2019 formal valuation, the funding ratio of 103%, with Fund assets of £1,185m and liabilities of £1,146m, generating a surplus of some £39m as at 31st March 2019 but the initial results of 31st March 2022 triennial valuation gave rise to a fund surplus of some £52.5m as shown below:

Results 31 March 2022

Probability of Funding Success	80%
Recovery period (in surplus)	19 years
Surplus applied above	105%
Inflation risk loading*	10%

Funding position

£52.5M	104%
Surplus (£M)	Funding Ratio
▲ £13.2M vs 31 March 2019	▲ 1.0% vs 31 March 2019

Employer contributions (% Pay)

18.9%	18.9%
Primary rate	Total rate
▲ 0.4% vs 31 March 2019	▼ 1.1% vs 31 March 2019

Safeguarding Implications

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

Public Health Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

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

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

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

Financial Implications

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

44. The Pension Fund Annual Report and Accounts sets out the financial position of the Pension Fund as at 31st March 2022 and acts as the basis for understanding the financial wellbeing of the Pension Fund. It enables Members to manage and monitor the Scheme effectively, helping to ensure that they are able to fully understand the financial implications of the decisions they make.

Legal Implications

45. Administering authorities are now bound by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which have replaced the 2009 Regulations. These regulations set out an

administering authority's statutory duties in ensuring the proper administration and management of its pension fund.

46. One of the functions of the Pension Policy and Investment Committee is to meet the Council's duties in respect of investment matters. It is appropriate having regard to these matters, for the Committee to receive information about budgetary matters. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

47. Regulation 57 of the Local Government Pension Scheme Regulations 2013 imposes a duty on the Council as an administering authority to prepare a pension fund annual report. The report must be published by 1st December following the financial year end.

48. The report should deal with the following matters:

i) management and financial performance during the year of the pension;

ii) an explanation of the investment policy for the fund and a review of performance;

iii) a report on arrangements made during the year for administration of the fund;

iv) a statement by an actuary who carried out the most recent valuation of the fund and the level of funding disclosed by that valuation;

v) a Governance Compliance Statement;

vi) a Fund Account and Net Asset Statement;

vii) an Annual Report dealing with levels of performance set out in the pension administration strategy and any other appropriate matters arising from the administration strategy;

viii) the Funding Strategy Statement;

ix) the Investment Statement Strategy;

x) statements of policy concerning communications with members and employing authorities; and

xi) any other material which the authority considers appropriate.

Workforce Implications

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

Other Implications

50. None

Options Considered

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

Conclusions

52. Fund assets increased by £117m over the year. The net asset statement represents the net worth (£1,523m) of the Fund. This improvement was because of the market performance.

53. The PIRC average universe for Local Authority Pension Fund returns in 2021/22 was 8.6%. The Enfield Pension Fund had a return on investment of 9.1% and ranked 39th in the performance league. Looking at the longer-term performance, for three year return PIRC average universe returns was 8.3%, ranked the Fund 48th in their league table with return on investment of 8.6% per annum and for five year return, PIRC average universe return was 7.1%, ranked the Fund 53rd in their league table with return on investment of 7% per annum.

54. The Fund outperformed its benchmark by returning 9.1% compared to its benchmark return of 8.9% for the year 2021/22. For the three-year return, the Fund generated 8.6% per annum and its benchmark returned 7.9% and for over five years, the Fund posted a return of 7% p.a. outperforming its benchmark return of 6.3% by 0.7% per annum.

55. The 2022 valuation outcome demonstrated that since the last formal valuation (31st March 2019) the assets and liabilities have both increased, and the total surplus in the Fund has increased slightly by £13.2m. The Fund funding level has improved slightly from the last formal valuation by 1% from 103% to 104%.

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Date of report 5th December 2022

Appendices
Appendix A – Draft Enfield Pension Fund Annual Report and Accounts For 2021/22
Appendix B – PIRC UK Local Authority League table for 2021/22

Background Papers - None

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London Borough of Enfield Pension Fund

2021/22 Draft Annual Report and Accounts

Pension Policy and Investment Committee

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

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

Report from Chair of Pension Policy & Investment Committee – Cllr Doug Taylor

Welcome to Enfield Pension Fund Annual Report for 2021/22

As Chair of the Enfield Pension Fund (EPF / the Fund) Committee, I have the pleasure in introducing the Fund's Annual Report and Accounts for 2021/22. The accounts focus on the financial activity in 2021/22.

The membership of the Fund at March 2022 was 24,646 people (active: 7,952, pensioner: 6,196, deferred: 7,789 and undecided/frozen: 2,709) with 59 employer organisations.

The Pension Policy & Investment Committee (PPIC) is responsible for managing the Fund, with the assistance of the Pension Board, Fund officers, external advisors and investment managers. The Fund is currently undergoing a restructure of team resources in recognition of increasing regulatory demands on LGPS Funds and increased reporting requirements to ensure that the Fund has sufficient resources to implement its strategies and policies.

The Fund had £1,523m of funds under management at 31 March 2022 to meet the accrued benefits, with a funding position of 103% comparing assets to liabilities, putting it in a strong position. The investment return for the year to 31 March 2022 was 9.1%, which was an outperformance of the benchmark by 0.2%, with returns outperforming the benchmark in each of the 1, 3 and 5 year periods.

Over the past year the Fund's overall value has increased by £117m to £1,523m, representing an increase of 8%. Whilst this is considerably less than the growth experienced the year before (at 22%), this is still considerably above the growth assumed in the last Triennial Valuation (i.e. 4.2% per annum).
Annual gains in equities, property and private equity uplifted the Fund's investment assets as the global economy opened-up from the pandemic. However, investment values fell in the final quarter of 2021/22 (by 2%) as global inflationary pressures grew, caused by supply chain bottlenecks created from previous lockdowns as well as the war in Ukraine affecting energy prices. Interest rates have been gradually rising in response to inflation and that has particularly impacted growth stocks. Following the investment strategy review in 2020/21, which we have been implementing over the past year, the Fund is well braced for inflation risks and the subsequent volatility in equity markets. This has been brought about by increasing the exposure to fixed income, from 24% to 29% as they are typically less volatile than equities in the long run. Secondly, the commitments to private investments (renewable infrastructure) has increased from 6% to 11% and this should assist to deliver a steady income stream necessary for paying the future pension benefit payments that are linked to inflation. As the Fund undergoes the calculations for the next Triennial Valuation, then these higher short-term inflation expectations will be built into the resulting contributions.

The Fund actuarial valuation at 31st March 2022 had indicated a slight improvement in the Fund funding level from 103% to 104% and an increased surplus position of £52.5m from £39.3m, even though a higher rate of inflation risk margin was allowed for the calculation.

During the year, we have considered a wide range of issues and taken a number of key decisions affecting the Pension Fund.
The Fund has continued on its journey of responsible investment, and more specifically with its focus on climate change risk, with ongoing work and developments continuing into the coming months and years.

The Fund has taken climate strategy as one of the key focuses of its ongoing work, to develop an in depth of understanding of the financial risks to the Fund of the climate emergency and focusing on ways in which the Fund can both reduce this risk but also find opportunities to help with the energy transition to find sustainable solutions. As a result of this strategic focus, the Fund has a Responsible Investment Policy which clearly sets out the Fund's beliefs on responsible investment and climate risk and how it manages these risks and commitments through investment decision making and implementation.

The Committee believes in applying long-term thinking in pursuit of long-term sustainable returns from well governed assets; while using evidence based long-term investment appraisal to inform decision making in the implementation of its responsible investment principles, consistent with its fiduciary responsibilities. It will continue to evaluate and manage the Fund's carbon exposure in order to mitigate risks associated with Climate Change, while seeking to reconcile its need for income to pay pensions with the fact that many of the more carbon intensive companies and sectors provide a significant proportion of the market's dividend income.

Enfield Pension Fund continues to favour engagement with companies and sectors over blanket divestment as it believes that this is the most effective strategy for promoting change in line with our ESG principle and protecting its long run investment interests. However, the extent of its exposure to them will reflect an ongoing assessment of progress in engaging with the energy transition, and the associated risks and rewards of holding these assets in the Fund. The Fund does not own stocks directly but seeks to influence company and sector policies via its chosen investment managers.

Enfield has continued to be an active member in the London CIV (Collective Investment Vehicle) investment pool, together with other 32 London LGPS Funds. By the end of 2021/22 a total of £650m (42.5% of the Fund) was invested on the LCIV platform, in the following assets:

Investments	**£ million**
Active Emerging Market Equity Funds	32,252
Active Global Equity Funds	213,357
Active Multi Asset Credits	55,874
Total London CIV	**301,483**
*Passive Global Equities	256,178
*Passive Gilts/Index Link	92,405
Total Pooled Investments	**650,066**

*The passive investment funds are held on a pool governance basis under one investment.

The PPIC and Pension Board have worked hard in order to transform the Enfield Pension Fund. I would like to take this opportunity to express my thanks for all the support and input provided by Committee and Board members and the diligence and professionalism of our Officers and Advisers. I look forward to continuing to work with members and officers in the new financial year as the Fund seeks to meet the challenges of an ever-changing national and global environment.
In presenting the Annual Report, I hope you find it helpful in understanding the Fund.

Councillor Doug Taylor
Chair of the Enfield Pension Fund
November 2022

DRAFT

INVESTMENT REPORT

Objectives

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

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

The Strategy

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

Asset Class	Actual Position 31 March 2022 %	Target Weighting %	Expected Return (per annum)	Control Range
Equities (including Private Equity)	50.7	40.0	8-11%	30-50%
Bonds	21.3	29.0	4-5%	19-39%
Inflation protection	7.9	10.0	-	
Hedge Funds	4.4	0.0	9-11%	10-20%
Property (UK)	4.8	5.0	9%	5-15%
Infrastructure/PFI	6.1	16.0	9%	3-9%
Cash	4.7	-	-	-
Total	**100.0**	**100.0**		

Source: Annual Accounts 21/22 & ISS

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

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

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

MARKET RETURNS IN 2021/22 & LONGER TERM RETURNS % Source: PIRC – 2021/22 Annual Review

	2021/22 %	3yrs % p.a.	5yrs % p.a.	10yrs % p.a.	20yrs % p.a.	30yrs % p.a.
EQUITIES:						
UK	9.6	5.6	4.7	7.4	6.2	
Emerging	-9.6	4.1	4.5	6.3	8.4	
Global	8.4	11.5	9.6	11.7	6.4	
Total Equities	**7.6**	**10.2**	**8.4**	**10.6**	**8.0**	**9.2**
BONDS:						
UK Government	-4.2	-0.9	0.7			
UK Corporate	-3.5	2.5	2.7			
UK Indexed Linked	4.5	2.6	2.7			
Global bonds	-2.8	1.4	1.7			
Absolute Return	-0.5	2.5	2.3			
Private Debt	7.3					
MAC	-0.5	1.9				
Total Bonds	**-0.3**	**2.6**	**2.5**	**4.5**	**5.7**	**6.9**
Private Equity	**34.5**	**19.5**	**16.5**	**14.7**	**8.8**	
Infrastructure	**10.7**	**5.7**	**6.9**			
Hedge Funds	**5.4**	**4.9**	**3.2**			
Private Debt	**8.4**					
Property	**17.9**	**6.3**	**6.8**	**8.0**	**7.0**	**8.2**
Diversified Growth	**4.7**	**5.1**	**3.5**			
Total Alternatives	**19.0**	**11.0**	**9.8**	**10.0**	**7.6**	
Total Fund Average	**8.6**	**8.3**	**7.1**	**8.9**	**7.3**	**8.5**
RANGE OF RESULTS						
Top quartile	10.0	9.3	7.7	9.2	7.5	8.7
Median	8.0	8.6	7.0	8.8	7.1	8.4
Bottom quartile	6.0	7.6	6.5	8.3	6.9	8.2

Fund Manager Structure

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

Fund manager	Investment objectives
Adam Street Partners (Fund of Funds Private Equity Portfolio)	*To outperform the MSCI World Index.*
Antin *European Infrastructure Fund*	*15% gross IRR with a gross yield target of 5% p.a.*
BlackRock Advisers UK Ltd (Passively Managed Global Equity and UK Bond Portfolios)	*To perform in line with the prescribed Equity and Bond indices.*
Brockton Opportunistic property	*15% net IRR and 1.5xnet multiple*
CBRE Inflation protecting illiquid	*UK LPI +2.5% p.a. over rolling 10yr period*
CFM-Stratus Multi asset strategy	*To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)*
Davidson Kempner (Events driven)	*To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)*
International Public Partnerships Limited *(Private Finance Initiative)*	*To achieve a return of at least 4.5% per annum.*
Lansdowne Partners (Long/Short UK Equities Hedge Fund)	*To generate an absolute return. The benchmark is the FTSE All Share index*
Legal & General Investment Management Ltd (Active UK Property Fund)	*To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.*
London Collective Investment Vehicle (LCIV)	*Manages global equity mandates and Multi Asset Credit (MAC) – 3 month LIBOR +4-5% over 4 years*
MFS (Actively Managed Global Equity Portfolio)	*To outperform the MSCI World Index by 4% pa gross of fees over rolling three-year periods.*
M&G Inflation Opportunities Fund	*To outperform the Retail Price Index by 2.5% per annum on a rolling five year basis.*
Western Asset Management (Actively Managed Bond Portfolio)	*To outperform the benchmark (composed of a mixture of bond indices) by 0.75% pa gross of fees over rolling three-year periods.*

FUND VALUE

The Pension Fund has continued to benefit from its strategy of having a diversified investment strategy which is less dependent on the world equity markets than the average local authority pension fund. The Enfield Fund increased by 9.1% in 2021/22.

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

Fund Value over 10 Years as at 31st March 2022

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
647	731	775	888	916	1,078	1,099	1,185	1,149	1,406	1,523

Source: Annual Accounts

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

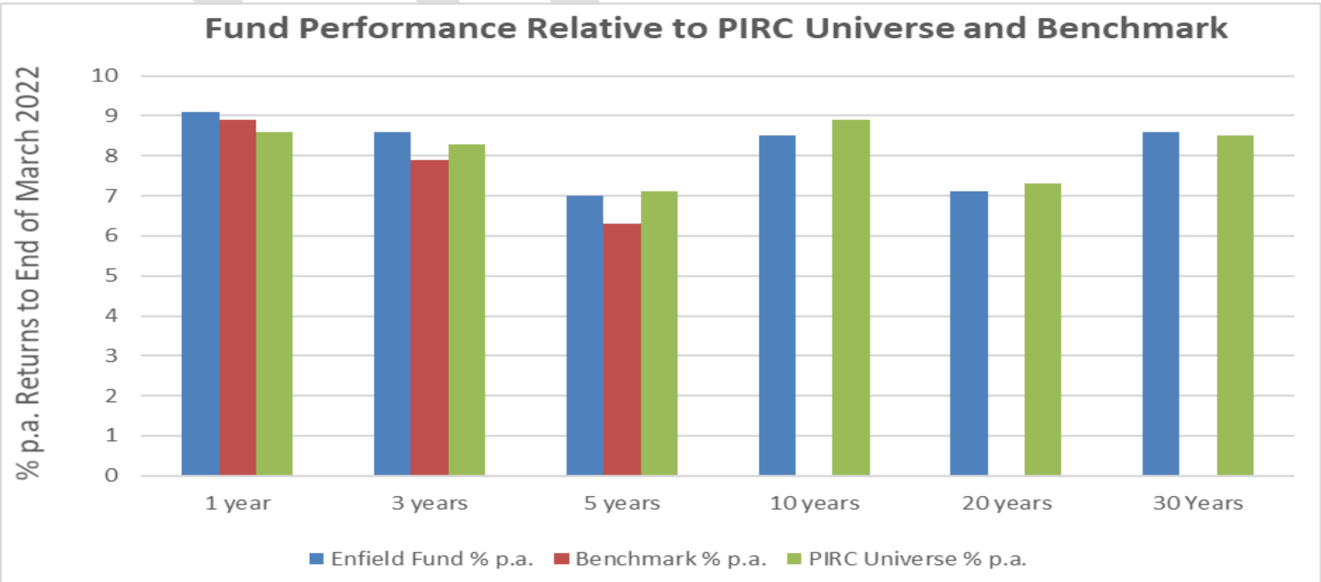
Fund performance

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

	1 year	3 years	5 years	10 years	20 years	30 Years
Enfield Fund % p.a.	9.1	8.6	7.0	8.5	7.1	8.6
Benchmark % p.a.	8.9	7.9	6.3	-	-	-
PIRC Universe % p.a.	8.6	8.3	7.1	8.9	7.3	8.5
Ranking	39	48	53	66	56	36

Source: PIRC 2021/22

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



The PIRC L.A. average asset allocation as at 31 March 2022 compared to the Enfield Fund			
	Local Authority Average	**Enfield**	**Difference**
	%	**%**	**%**
Equities (including private equity)	**52**	**43**	**-9**
Bonds	**18**	**29**	**+11**
Property	**9**	**6**	**-3**
Alternatives	**17**	**17**	**0**
Diversified Growth	**2**	**-**	**-2**
Cash	**2**	**5**	**+3**
	100	**100**	

Source PIRC/Annual Accounts

Movement of Funds into London Collective Investment (LCIV) Pool					
	Mandate	**31 Mar 2019**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2022**
		£000's	**£000's**	**£000's**	**£000's**
Blackrock - UK	Passive Equity	12,022	9,782	-	-
Blackrock - Global	Passive Equity	155,836	148,736	-	-
Blackrock – Low Carbon GE	Passive Equity	-	-	220,602	256,178
Blackrock - Bonds	Passive ILB	89,072	90,762	91,750	92,405
LCIV - Baillie Gifford	Global Equity	75,336	74,376	116,232	108,834
LCIV – JP Morgan	Emerging Equity	28,156	23,420	35,927	32,252
LCIV - Longview	Global Equity	76,950	67,187	91,344	104,834
LCIV- CQS	Multi Asset Credit	50,696	43,676	54,707	55,874
		488,068	**457,939**	**610,562**	**650,377**
Percentage In LCIV		**41.3%**	**40.3%**	**43.7%**	**42.6%**

Source: Annual Accounts (based on Market values for the respective year)

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

Pension Fund net Asset Statement		
Market value		**Market value**
31 March 2021		**31 March 2022**
£000s		**£000s**
	Bonds	
2,758	UK Public sector quoted	2,758
49,038	UK Corporate quoted	49,038
1,324	Overseas Public sector quoted	1,324
46,090	Overseas Corporate quoted	46,090
99,209		93,110
	Equities	
48,424	UK –quoted	49,985
-	Overseas –quoted	-
48,424		49,985
	Pooled funds –additional analysis	
91,734	Indexed linked securities	92,389
-	Short dated fixed Income	48,675
602,281	Equities	655,909
34,431	Events driven fund hedge fund	34,250
78,638	Inflation opportunities fund	83,525
31,855	Absolute bond fund	32,396
30,153	Multi-strategy equity hedge fund	32,462
54,707	Multi asset credit fund	55,874
925,799		1,035,480
	Pooled property investments	
68,986	UK property investments	82,963
68,986		82,963
	Private equity	
7,936	Opportunistic property	9,410
22,776	European infrastructure	24,628
102,436	Fund of Funds global private equity	114,032
27,696	UK secured long income fund	38,439
160,844		186,509
	Derivatives- Assets	
5	Futures	97
44	Forward foreign exchange	4
49		101
1,303,312	**Total Investment Assets**	**1,448,148**
100,369	Cash deposits	73,478
2,445	Investment income due	1,973
240	Amounts receivable from sales	650
1,406,366		**1,524,014**
	Investment liabilities	
-	Derivatives- futures	-
(141)	Derivatives- forward foreign exchanges	(233)
(735)	Investment expenses	(785)
(876)		**(1,018)**
1,406,489	**Net investment assets**	**1,523,231**

CORPORATE GOVERNANCE

Introduction

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

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

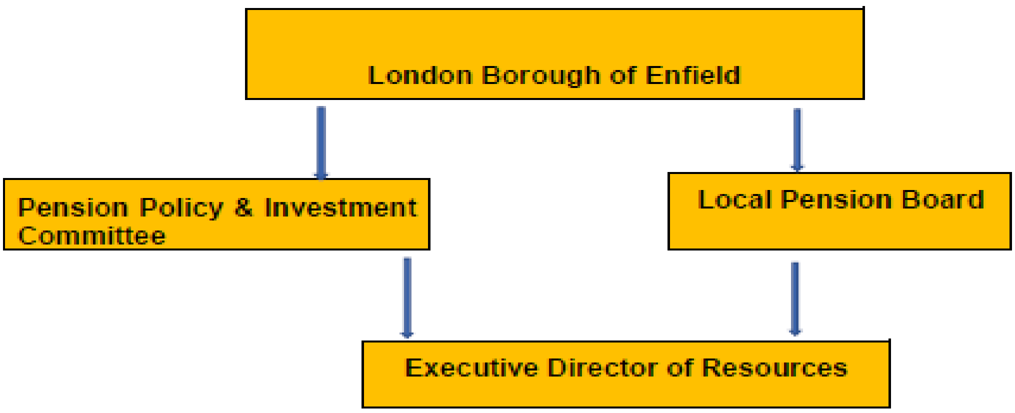
The London Borough of Enfield, as the Administering Authority of the Pension Fund, has delegated responsibility for the management of the Pension Fund to the Pensions Committee and the new regulatory requirement is for a Pensions Board to assist the Authority in monitoring compliance with regulations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

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

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

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

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



LEGAL FRAMEWORK

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status their employees may also be able to participate in the LGPS
The London Borough of Enfield Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Enfield ('The Council'). The Fund was established to provide benefits for employees that include retirement pensions, widows pensions, death grants and other lump sum payments.

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

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

The Role of the Pension Policy & Investment Committee

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

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

Governance of the Pension Fund Investments

The Committee considers the Fund's investment strategy and asset allocation of the Fund's portfolio. The Committee appointed an independent pension fund advisor, Carolan Dobson, to also sit on the Committee to give expert advice, support members, and to clarify the many complex technical issues that arise from such a diversified fund.
The Committee meets quarterly to review investment strategy and to receive reports on investment activity undertaken in the previous period. One of its important tasks is to monitor the performance of the Fund's managers in conjunction with our professional advisors Aon Hewitt, independent advisor and officers.

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

The Pension Policy & Investment Committee for 2021/22:

Cllr T. Leaver (Chair)
Cllr C. Stewart (Vice Chair)
Cllr T. Neville OBE JP
Cllr E. Smith
Cllr D. Taylor
Carolan Dobson (Professional Independent Advisor)
Daniel Carpenter (Investment Consultant – Aon)

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

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

Committee Members Attendance Pension Policy & Investment Committee 2021/22

Pension Policy & Investment Committee	10th June 2021	29th July 2021	30th Sept 2021	25th Nov. 2021	27th Jan 2022	14th Apr. 2022
Cllr T. Leaver	P	P	P	P	P	P
Cllr C. Stewart	P	A	A	P	A	A
Cllr T. Neville OBE JP	P	P	P	P	P	P
Cllr E. Smith	P	P	P	P	P	P
Cllr D. Taylor	P	P	P	P	A	P
Carolan Dobson	A	P	P	P	P	P
Daniel Carpenter	P	P	P	P	P	A

Note: P: Present, A: Absence; N/A: Not Applicable (Attendance not required as the individual is not a member)

Pension Board

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

The eight board members for 2021/22 are:

Employer Side:
- Cllr A. Oykener (Vice Chair)
- Cllr C. Dey
- Cllr S. Boztas
- Alison Cannur

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

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Knowledge and Skills Policy Statement

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

The adoption of the CIPFA "Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector" (2010) provides the basis for a training and development programme for the Pension Policy & Investments Committee based on the latest national guidance.
London Borough of Enfield Pension Fund adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

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

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

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

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

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

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

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

PENSIONS KNOWLEDGE AND SKILLS FRAMEWORK FOR PENSIONS COMMITTEE MEMBERS

Core technical areas and areas of knowledge

Legislative and governance framework

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

Accounting and auditing standards

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

Procurement of financial services and relationship management

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

Investment performance and risk management

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

Financial markets and investment products

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

Actuarial methods, standards and practices

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

Pension Training on Skills & Knowledge

The Committee has an agreed Training policy by which committee members are bound. During 2021/22 all new members attended a training workshop on an introduction to the Local Government Scheme.

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

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

Overview of the Scheme

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

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

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

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

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

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

The Pension Scheme as applying during the financial year 2021/22 was a defined benefit career average revalued earnings scheme which aligns LGPS retirement age with an individual's state pension age. The key benefits of the scheme are outlined below:

- Pension benefits based on a 1/49th accrual basis for each year of pensionable service with benefits calculated on the career average pay revalued annually in line with inflation.

- Pre-2014 benefits guaranteed with a final salary link for any benefits earnt prior to 1 April 2014.

Membership Report (Continue)

- Option to pay 50% of the contribution rate to accrue 50% of the benefits.

- Option to convert some pension to lump sum on retirement on a 1:12 ratio.

- Life assurance cover 3x member final pay applicable from the day of joining scheme. Pensions for dependents: - spouses, civil partners and eligible co-habiting partners and eligible children.

- An entitlement to have pension paid early on medical grounds.

- Pensions increase annually in line with the cost of living. It should be noted that the foregoing is not an exhaustive list and that certain conditions have to be met for an individual to be entitled to the benefits outlined.

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

  - A guaranteed pension based on final pay and length of time in the scheme and an accrual rate of 1/60th per annum.

  - Tax free lump sum on benefit accumulated prior to 1 April 2008 and option to convert some of the pension into tax free lump sum on post 1 April 2008 service.

  - Life assurance cover 3x member final pay applicable from the day of joining scheme.

  - Pensions for spouses/civil and co-habiting partners and children.

  - An entitlement to have pension paid early on medical grounds.

  - Pensions increase annually in line with the CPI.

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WHO BELONGS TO THE ENFIELD PENSION FUND?

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

	Number of contributors	Pensioners	Deferred Members	Frozen /Undecided
London Borough of Enfield	5,810	**5,694**	**6,505**	**1,958**
Scheduled Bodies				
Capel Manor College	184	57	255	129
Oasis Hadley Academy	100	12	93	86
Oasis Enfield Academy	175	17	162	84
Aylward Academy	38	13	26	24
AIM Academy north (Formally Nightingale Academy)	10	19	40	23
Kingsmead Academy	47	21	26	15
Enfield Grammar Academy	57	13	28	12
Southgate School Academy	52	13	22	17
Lea Valley High Academy	27	9	6	7
Enfield Learning Trust	332	20	75	41
One Degree Academy (Adnan Jaffrey Trust)	12	0	0	2
Attigo Academy Trust	146	8	48	37
ARK John Keats Academy	77	0	13	36
Meridian Angel Primary School	9	1	8	6
Ivy Learning Trust	201	16	60	18
North Star Community (was Cuckoo Hall Academy Trust)	173	22	60	106
Edmonton County Academy	85	14	27	11
Children First Academy	289	24	48	38
Jewish Community Academy	23	2	1	7
Enfield Height Academy	0	0	2	1
Wren Academy	12	0	0	1
Southgate College	0	95	115	16
Enfield College	0	39	41	8
Subtotal – Scheduled Bodies	**2,049**	**415**	**1156**	**725**
Admitted Bodies				
Enfield Voluntary Groups	3	6	3	0
Fitzpatrick	0	10	11	2
NORSE commercial services	0	22	60	9
Churchill	0	0	1	0
Metropolitan Support Trust	0	1	0	1
Leisure Trust	0	6	21	1
Fusion Lifestyle	4	19	9	0

Kier Group Services	0	0	0	0
Edwards & Blake	0	0	0	3
Sodexo	4	2	0	0
Hughes Gardner	0	0	1	0
Equion Facilities Management	0	2	0	0
Outward Housing	0	7	10	0
Olive Dining	7	7	2	3
Elior UK	0	2	1	0
REED Momenta	3	0	1	2
Birkin -Bishop Stopford	0	0	0	2
Birkin – Winchmore	0	0	1	0
Birkin – Nightingale	1	0	0	0
Birkin – Aylward	0	0	1	0
BDI Securities UK Ltd	0	0	0	1
European Cleaning Services	3	1	0	0
North London Homecare & Support Ltd	0	0	0	0
Purgo Supply Services	0	1	0	0
Sanctuary Housing	0	0	1	0
Lewis & Graves Partnership	0	0	4	1
The Pantry (UK) Ltd	10	0	0	0
Hertfordshire Catering Ltd	41	1	1	1
WGC Ltd	17	0	0	0
Subtotal – Admitted Bodies	**93**	**87**	**128**	**26**
Total Membership	**7,952**	**6,196**	**7,789**	**2,709**
London Borough of Enfield	5,810	**5,694**	**6,505**	**1,958**

Membership Trends

	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022
Current Employees	7,312	7,447	7,385	7,246	7,413	7,770	7,952
Pensioners	4,964	5,265	5,188	5,453	5,663	5,862	6,196
Deferred Benefits*	6,598	7,978	8,774	7,187	10,047	10,058	10,498
	18,874	**20,690**	**21,347**	**19,886**	**23,123**	**23,690**	**24,646**

Actives Age			
Age	**Female**	**Male**	**Total**
Under 20	19	10	29
20-24	210	77	287
25-29	328	155	483
30-34	430	175	605
35-39	588	168	756
40-44	729	224	953
45-49	833	207	1,040
50-54	1,002	280	1,282
55-59	1,052	274	1,326
60-64	667	212	879
65-69	193	77	270
70-74	20	19	39
75- 85	2	1	3
Grand Total	**6,073**	**1,879**	**7952**

Pensioner Age			
Age	**Female**	**Male**	**Total**
Up to 39	22	22	44
40-44	1	4	5
45-49	6	5	11
50-54	12	14	26
55-59	160	61	221
60-64	599	223	822
65-69	951	408	1,359
70-74	825	438	1,263
75-79	601	289	890
80-84	399	184	583
85-89	263	131	394
90-94	129	68	197
95-99	27	14	41
100-110	6	0	6
Grand Total	**4,001**	**1,861**	**5,862**

Pension Fund Budget 2022/23 and Cashflow Forecast For 2023/24 & 2024/25

2021/22		2022/23	2023/24	2024/25
Actual		**Estimate**	**Estimate**	**Estimate**
£000		**£000**	**£000**	**£000**
12,846	Employee contributions	14,131	12,718	12,082
39,057	Employer contributions	42,963	38,666	36,733
2,000	Early retirements	3,000	2,400	1,920
2,984	Transfers in	-	-	-
56,887	**Total Income**	**60,093**	**53,784**	**50,735**
38,392	Pensions	42,231	47,299	52,029
8,497	Retirement/death grants	9,347	9,814	10,305
4,750	Transfers out	-	-	-
1,337	Admin costs	1,404	1,263	1,137
97	Oversight & Governance	107	112	123
1,390	Asset Managers Invoiced Fees	1,529	1,453	1,380
54,463	**Total Expenditure**	**54,617**	**59,941**	**64,974**
2,424	**Net Surplus/(Deficit)**	**5,476**	**-6,157**	**-14,239**
20.00%	**Employers' contribution %**	**20.00%**	**18.90%**	**18.90%**

Corporate Governance

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

Employers Summary

Statue specifies that contributions must be paid into the fund by the 19th day of the following month to that which they relate. The Pension Regulations allows for interest to be levied on contributions that are not paid on time, there were 6 late payments during 2021/22, but were considered as minor breaches & payments were received within the month, so this power was not exercised.

London Borough of Enfield Pension Fund Annual Report For 2021/22

Payments made by employers into the Pension Fund during 2021/22 (including analysis of late payments highlighted in red)

£000's	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Enfield	2,399	2,416	2,408	2,428	2,415	2,423	2,432	2,437	2,419	2,501	2,542	2,860
Latymer school	20	19	21	21	21	20	22	21	22	19	22	23
Capel Manor	60	64	63	60	58	62	62	61	57	58	60	57
Oasis Enfield	87	88	89	108	89	90	91	91	93	93	95	109
Oasis Hadley	28	27	26	29	26	27	27	26	25	25	22	31
Aylward Academy	13	13	13	13	13	12	12	13	13	12	13	14
AIM Academy North	7	7	7	7	7	4	3	4	3	4	3	4
Kingsmead academy	20	19	20	21	19	20	21	19	20	20	20	19
Enfield Grammar	18	18	18	18	20	19	20	19	19	20	19	24
Edmonton County	33	38	30	33	34	33	31	32	32	32	31	33
Southgate School	15	15	15	16	15	15	15	15	15	15	15	19
Lea Valley High	14	14	14	14	14	14	13	14	12	13	13	12
Enfield Learning Trust	81	81	83	82	78	82	82	82	80	78	79	99
Adnan Jaffery Trust	2	1	1	1	3	4	3	5	4	4	3	4
Attigo Academy Trust	37	37	37	41	36	33	36	37	37	38	38	45
Ark John Keats Academy	18	17	17	18	18	18	18	20	19	20	20	21
Meridian Angel Primary School	2	2	2	2	1	2	2	2	1	2	1	3
Ivy Learning Trust	55	58	57	58	59	56	56	56	56	55	55	66
Jewish Community Academy	9	9	9	9	9	9	9	9	8	8	7	9
Children First Academy	76	78	76	77	76	73	76	74	75	87	77	95
Wren Academy	3	3	3	3	3	4	4	4	4	4	5	5
North Star commty Trust (was North Star Comm (was CHAT))	50	49	51	51	50	54	51	54	51	49	52	52
European Cleaning Services	0	1	1	1	1	0	1	0	1	1	1	1
Enfield Racial Equality Centre (EREC)	0	0	0	0	1	0	0	0	0	0	1	0
The Pantry (UK) Ltd	3	3	2	2	2	2	2	2	2	2	2	3
Hertfordshire Catering Ltd	11	8	9	9	9	9	9	9	9	8	9	8
Reed Wellbeing (momenta)	1	1	1	1	2	2	2	2	2	3	1	1
Sodexo	1	1	1	2	1	1	1	1	2	1	1	1
Enfield Voluntary Action	2	2	2	2	2	2	2	2	2	1	1	1
Enfield Carers Centre (crossroad)	1	0	0	0	0	0	0	0	0	0	0	1
Olive Dining (Edmonton Cambs)	0	1	1	1	0	1	1	0	1	1	1	1
Birkin Cleaning (Nightingale)	0	0	1	0	0	0	0	0	0	0	0	0
Olive Dining (Nightingale)	0	0	0	1	0	1	0	1	0	1	0	0
North London Homecare and Support Ltd	0	1	0	0	0	0	0	0	0	0	0	0
WGC Ltd	0	0	0	0	0	3	3	3	3	3	3	3

payment in red - late payment.

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PENSION ADMINISTRATION KEY PERFORMANCE AND STATISTICS

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

The administration of the Fund comprises of 7 full-time equivalent (fte) staff, cost a bit under £51 per member as shown below.

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

Complaints Received

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

There has been only one IDRP case during 2021/22 at first stage only, not taken to second stage. No Ombudsman rulings against Enfield Council effective 2021/22.

Key Performance Indicators

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

Process	No. of cases commenced in year	No. of cases completed in year	No. cases outstanding at year end	% completed in year
Deaths – initial letter acknowledging death of members	215	136	214	63.26%
Retirements – letter notifying estimate retirement benefits	536	390	98	72.76%
Retirements – letter notifying actual retirement benefits	786	466	320	59.29%
Deferment – calculate and notify deferred benefits	826	625	201	79.52%
Transfers in/out – letter detailing transfer quote	926	562	35	60.69%
Transfers in/out – letter detailing transfer actual	388	210	178	54.12%
Refund – Process & pay a refund	110	98	12	89.09%
Divorce quote – letter detailing cash equivalent value and other benefits	32	26	6	81.25%
Divorce settlement – letter detailing implementation of pension sharing orders	4	2	2	50%
Joiners – notification of date of enrolment (+ iconnect) Manual 253 + Auto 1028 Total 1281	1281	1281	0	100.0%

Key Performance Indicators				
Process	**KPI**	**Good Practice Requirement**	**%**	
Deaths – letter notifying amount of dependants pension	136	2 Months	75.74%	
Retirements – letter notifying estimate of retirement benefits	390	2 Months	93.33%	
Retirements – letter notifying actual retirement benefits	466	2 Months	73.30%	
Transfers in/out - letter detailing transfer quote	562	2 Months	77.44%	
Transfers in/out – letter detailing transfer actual	210	2 Months	62.79%	
Refund – process and pay a refund	98	2 Months	98.97%	
Divorce quote - letter detailing cash equivalent value and other benefits	26	2 months	56%	
Divorce settlements – letter detailing implementation of pension sharing	2	3 Months	0%	
Joiners – notifications of date of enrolment Manual 253 + Auto 1028 Total 1281	1,281	2 Months	100.0%	
Deferment – calculate and notify deferred benefits	625	2 Months	75.67%	

RISK MANAGEMENT REVIEW

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

Responsibility for the Fund's risk management strategy rests with the Pension Policy and Investments Committee.
In order to manage risks a Pension Fund Risk Register is maintained and reviewed quarterly. Risks identified have been reduced through planned actions. The Risk Register is managed by the Pension & Treasury Manager.

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

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

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

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

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

	sentiment in global investment markets following disruptive politically inspired events in US.		with investment managers re management of political risk in global developed markets. 2) Investment strategy involving portfolio diversification and risk control. 3) Investment strategy review will follow post actuarial 2022 valuation.
Funding	Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%	Medium	**TREAT** 1) The fund holds investment in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection.

THIRD PARTY RISKS

The Council has outsourced the following functions of the Fund:

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

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

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

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

PENSION FUND ADVISERS AND OTHER SERVICE PROVIDERS

During 2021/22 the following provided services to the Pension Fund:

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

Actuarial Services
Aon Hewitt Limited - 25, Marsh Street, Bristol, BS1 4AQ

Investment Consultancy and Advice Services
Aon Hewitt Limited - 122 Leadenhall Street London, EN3 4AW

Independent Fund Advisor
Carolan Dobson

Fund Administrator
London Borough of Enfield - Julie.barker@enfield.gov.uk

Pension Fund Performance Measurement
PIRC - Suite 8.02, Exchange Tower 2, Harbour Exchange Square, Isle of Dogs, London E14 9GE
Northern Trust - 50 Bank Street, Canary Wharf, London E14 5NT

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

Legal Services
Legal services were provided in-house by the Enfield Council

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

Corporate Governance
Local Authority Pension Forum (LAPF) - Proxy Voting
Pensions Lifetime Savings Association (PLSA)

The Fund's Bankers
HSBC PLC
1st Floor, 60 Queen Victoria Street, London, EC4N 4TR

Fund Accountant
Bola Tobun, London Borough of Enfield
Bola.Tobun@enfield.gov.uk

Scheme Administrator (Section 151 Officer Local Government Act)
Fay Hammond, London Borough of Enfield
Fay.Hammond@enfield.gov.uk

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

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

2020/21 £000s	LONDON BOROUGH OF ENFIELD PENSION FUND ACCOUNT	Notes	2021/22 £000s
	Dealings with members, employers and others directly involved in the Fund		
49,031	Contributions	7	51,903
5,454	Transfers in from other pension funds	8	2,984
54,485			**54,887**
(44,374)	Benefits payable	9	(46,888)
(4,639)	Payments to and on account of leavers	10	(4,750)
(49,013)			**(51,638)**
5,472	**Net additions/(withdrawals) from dealings with members**		**3,249**
(12,063)	Management expenses	11	(12,605)
(6,591)	**Net additional/(withdrawals) including fund management**		**(9,356)**
	Returns on investments		
13,214	Investment income	12	16,664
	Taxes on income	13a	
249,979	Profit & losses on disposal of investments and changes in the market value of investments	14a	109,437
263,193	**Net returns on investments**		**126,101**
256,602	**Net change in assets available for benefits during the year**		116,745
1,149,431	**Opening net assets of the scheme**		1,406,033
1,406,033	**Closing net assets of the scheme**		**1,522,779**

2020/21 £000s	NET ASSETS STATEMENT FOR YEAR ENDED 31 MARCH 2022	Notes	2021/22 £000s
1,303,311	Investment assets	14	1,448,147
(141)	Investment liabilities		(233)
1,303,170			**1,447,914**
100,369	Cash deposits	14	73,478
2,685	Other investment balances -assets	14	2,624
(735)	Other investment balances - liabilities	14	(785)
1,405,489	**Total net investments**	14	**1,523,231**
96	Long term debtor	20a	113
937	Current assets	20	874
(489)	Current liabilities	21	(1,439)
1,406,033	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,522,779**

Note: The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

Signed:

Fay Hammond

Executive Director Resources

31st July 2022

Notes to the Financial Statement –index

1. Description of the Fund

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

The following description of the fund is a summary only. For more detail, reference should be made to the Enfield Pension Fund Annual Report 2021/22 and the underlying statutory powers underpinning the scheme.

a) General

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

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

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

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

b) Membership

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

Organisations participating in the fund include the following:

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

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

There are 54 employer organisations within the fund (including the Council itself), and 24,646 individual members, as detailed below. A full analysis is included

Enfield Pension Fund	31 March 2021	31 March 2022
Number of employers with active members	7,770	7,952
Number of pensioners	5,862	6,196
Deferred pensioners	7,560	7,789
Frozen/undecided	2,498	2,709
Total number of members in pension scheme	**23,690**	**24,646**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The results of recent formal valuation as of 31 March 2019 has employer contribution rates range from 0% to 34.6% of pensionable pay.

d) Benefits

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

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

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

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

2. Basis of preparation

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

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

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

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

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

b) Transfers to and from other schemes

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

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

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

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

c) Investment income

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

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

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

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

Fund account – expense items

d) Benefits payable

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

e) Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

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

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

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

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

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

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

Net assets statement

g) Financial assets

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

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

Foreign currency transactions

h) Dividends

Interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Cash and cash equivalents

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

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

j) Financial liabilities

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

k) Actuarial present value of promised retirement benefits

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

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

l) Additional voluntary contributions

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

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 22).

m) Contingent assets and contingent liabilities

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

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 3 above, the Fund has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

Pension fund liability

The Pension Fund carries out a funding valuation on a triennial basis, the assumptions underpinning the valuation are agreed with the actuary and are summarised in Note 18.

In addition to the triennial funding valuation, the Fund's actuary also undertakes an accounting valuation of the Fund's liabilities on an IAS19 basis every year. This uses membership data from the funding valuation with economic assumptions adjusted for the current financial year. This valuation is used for statutory accounting purposes and uses different assumptions from the triennial funding valuation; the assumptions used are summarised in Note 19.

Valuation of Financial instruments carried at fair value – Level 2 and Level 3

Financial instruments at Level 2 are those where quoted market investments are not available; for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable data. Such instruments would include unquoted debt investments (such as private debt), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The Coronavirus pandemic has resulted in uncertainty over the valuation of the Fund's property assets; an estimate has been provided by the manager as the standard valuation approach, which uses observable inputs from the UK commercial property market, cannot be applied at this time. These assets have previously been classified as Level 2 but have been reclassified to Level 3 given the current uncertainty.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2022 (for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a. 1% decrease in the discount rate assumption would result in a decrease

	rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	in the pension liability of approximately £223m. b. 1% increase in assumed earnings inflation would decrease the value of liabilities by approximately £223m. c. if life expectancy increases by two years, it would decrease the liability by approximately £92m. ***It should be noted that any changes in the above would not have an effect on either the Fund Account or the Net Asset Statement.***
Hedge fund of funds (Note 15)	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the fund of funds' directors or independent administrators judge is necessary. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total hedge fund of funds value in the financial statements is £63.7m. There is a risk that the investment may be under or overstated in the accounts. Given a tolerance of +/-10% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £6.4m.
Private equity – venture capital investments (Note 15)	The figure for “Investments at fair value” is based on the latest information received from asset managers prior to the Fund’s accounting records closing for the quarter. The valuation methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines.	The venture capital private equity investments in the financial statements are £1114m. There is a risk that this may be over or understated. Further detail is shown in Note 15 regarding the sensitivity of this valuation.
Pooled property investments (Note 15)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 10% i.e. an increase or decrease of £8.3m, on carrying values of £83m.

NOTE 6: EVENTS AFTER THE REPORTING DATE

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

NOTE 7: CONTRIBUTIONS

By category

2020/21 £000s		2021/22 £000s
12,055	**Employees' contributions**	12,846
	Employers' contributions: -	
33,353	Normal	35,296
2,482	Deficit recovery contributions	2,583
1,141	Augmentation contributions	1,178
36,976	**Total employers' contributions**	**39,057**
49,031		**51,903**

By authority

2020/21 £000s		2021/22 £000s
38,497	Administering authority	41,002
9,820	Scheduled bodies	10,586
714	Admitted bodies	315
49,031		**51,903**

NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

2020/21 £000s		2021/22 £000s
5,454	Individual transfers	2,984
5,454		**2,984**

NOTE 9: BENEFITS PAID/PAYABLE

By category

2020/21 £000s		2021/22 £000s
(37,222)	Pensions	(38,392)
(6,488)	Commutation and lump sum retirement benefits	(7,591)
(664)	Lump sum death benefits	(906)
(44,374)		**(46,889)**

By authority

2020/21 £000s		2021/22 £000s
(41,668)	Administration authority	(43,877)
(2,198)	Scheduled bodies	(2,523)
(508)	Admitted bodies	(489)
(44,374)		**(46,889)**

NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2020/21 £000s		2021/22 £000s
(85)	Refunds to members leaving service	(166)
(4,554)	Individual transfers	(4,584)
(4,639)		**(4,750)**

NOTE 11: MANAGEMENT EXPENSES

2020/21 £000s		2021/22 £000s
(1,658)	Administrative costs	(1,337)
(90)	Oversight and governance costs	(97)
(10,315)	Investment management expenses	(11,171)
(12,063)		**(12,605)**

NOTE 11A: INVESTMENT MANAGEMENT EXPENSES

2020/21 £000s		2021/22 £000s
(6,858)	Management fees	8,023
(1,032)	Performance related fees	1,355
(2,226)	Transaction costs	1,580
(83)	Custody fees	70
(116)	Other	143
(10,315)		**(11,171)**

NOTE 12: INVESTMENT INCOME

2020/21 £000s		2021/22 £000s
2,225	Income from equities	2,155
3,439	Income from bonds	3,282
2,389	Pooled property investments	2,275
5,133	Pooled investments – unit trusts and other managed funds	8,675
28	Interest on cash deposits	277
13,214		**16,664**

NOTE 13: TAXES ON INCOME

2020/21 £000s		2021/22 £000s
	Withholding tax	
(0)	Income from equities	(0)
(0)	Pooled investments – unit trusts and other managed funds	(0)
(0)		**(0)**

NOTE 13A: EXTERNAL AUDIT FEES

2020/21 £000s		2021/22 £000s
19	Paid in respect of external audit (excluding VAT)	21
19		**21**

Market value 31 March 2021 £000s		Market value 31 March 2022 £000s
	Investments	
99,209	Fixed interest securities	141,785
48,424	Equities	49,985
925,799	Pooled investments	986,804
68,986	Pooled property investments	82,963
160,844	Private equity	186,509
	Derivative contracts:	
5	- Futures	97
44	- Forward currency contracts	4
1,303,311	**Total investment assets**	**1,448,147**
100,369	Cash deposits	73,478
2,445	Investment income due	1,973
240	Amounts receivable for sales	651
1,406,365	**Total investment assets**	**1,524,249**
	Investment liabilities	
	Derivative contracts:	
(141)	- Futures	(145)
0	- Forward currency contracts	(88)
(735)	Investment expenditure due	(785)
(876)	**Total investment liabilities**	**(1,018)**
1,405,489	**Net investment assets**	**1,523,231**

NOTE 14A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS & DERIVATIVES

	Market value 1 April 2021	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2022
Period 2021/22	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Bonds	99,209	73,571	(19,391)	(1,225)	(10,379)	141,785
Equities	48,424	0	(12)	(1,473)	3,046	49,985
Pooled investments	925,798	12,854	(7,505)	(1,966)	57,623	986,804
Pooled property	68,986	8,335	-	(660)	6,302	82,963
Private equity	160,844	9,468	(29,915)	(2,712)	48,824	186,509
	1,303,261	104,228	(56,823)	(8,036)	105,416	1,448,046
Derivatives contracts:						
Futures Options	(136)	714	(548)	0	(78)	(48)
Forward foreign exchange	44	201	(240)	0	(88)	(83)
	(92)	915	(788)	0	(166)	(131)
	1,303,169	**105,143**	**(57,611)**	**(8,036)**	**105,250**	**1,447,915**
Other investment balances						
Cash deposits	100,369				4,187	73,478
Investment income due	2,446					1,973
Pending investment purchases	(735)					(785)
Pending investment sales	240					650
Net investment assets	**1,405,489**				**109,437**	**1,523,231**

	Market value 1 April 2020	Purchases	Sales	Management fees in Market value	Change in market value	Market value 31 March 2021
Period 2020/21	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Bonds	90,622	14,680	(12,684)	(400)	6,991	99,209
Equities	45,015	69,180	(68,989)	(2,112)	5,330	48,424
Pooled investments	766,037	12,411	(49,076)	(1,695)	198,122	925,798
Pooled property	68,861	0	(1,047)	(367)	1,539	68,986
Private equity	124,000	11,052	(14,078)	(2,283)	42,153	160,844
	1,094,535	107,323	(145,874)	(6,857)	254,135	1,303,261
Derivatives contracts:						
Futures Options	99	513	(384)	0	(364)	(136)
Forward foreign exchange	(183)	350	(446)	0	323	44
	(84)	863	(830)	0	(41)	(92)
	1,094,451	**108,186**	**(146,704)**	**(6,857)**	**254,094**	**1,303,170**
Other investment balances						
Cash deposits	52,855				(4,115)	100,369
Investment income due	2,351					2,446
Pending investment sales	(149)					(735)
Pending investment purchases	0					240
Net investment assets	**1,149,508**				**249,979**	**1,405,489**

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

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

NOTE 14B: ANALYSIS OF INVESTMENTS

Market value 31 March 2021 £000s		Market value 31 March 2022 £000s
	Bonds	
99,166	UK quoted	93,035
44	Overseas quoted	75
99,210		**93,110**
	Equities	
48,424	UK –quoted	49,985
0	Overseas quoted	0
48,424		**49,985**
	Pooled funds –additional analysis	
91,734	Indexed linked securities	92,389
0	Short dated fixed income	48,675
604,281	Equities	655,909
34,431	Events driven fund hedge fund	34,250
78,638	Inflation opportunities fund	83,525
31,855	Absolute bond fund	32,396
30,153	Multi-strategy equity hedge fund	32,462
54,707	Multi asset credit fund	55,874
925,799		**1,035,480**
	Pooled property investments	
68,986	UK property investments	82,963
68,986		**82,963**
	Private equity	
7,936	Opportunistic property	9,410
22,776	European infrastructure	24,628
102,436	Fund of Funds global private equity	114,032
27,696	UK secured long income fund	38,439
160,844		**186,509**
	Derivatives- Assets	
5	Futures	97
44	Forward foreign exchange	4
49		**101**
1,303,312	**Total Investment Assets**	**1,448,148**
100,369	Cash deposits	73,478
2,444	Investment income due	1,973
240	Amounts receivable from sales	650
1,406,365		**1,524,014**
	Investment liabilities	
(141)	Derivatives- futures	(233)
0	Derivatives- forward foreign exchanges	0
(735)	Investment expenses	(785)
(876)		**(1,018)**
1,405,489	**Net investment assets**	**1,523,231**

NOTE 14C: INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31 March 2021 £000s	%		Market value 31 March 2022 £000s	%
		Fixed income securities		
94,643	6.3%	Western Asset Management	92,193	6.1%
0	0%	Aon Diversified Fund	48,675	3.2%
		Equities		
48,424	3.2%	International Public Partnerships	49,985	3.3%
		Pooled investments		
91,734	6.0%	Blackrock indexed linked bonds	92,389	6.1%
220,389	14.5%	Blackrock Low carbon Global passive	255,962	16.8%
140,390	9.2%	MFS global equities	154,338	10.1%
116,232	7.6%	LCIV Baillie Gifford global equities	108,523	7.1%
35,926	2.4%	LCIV JP Morgan emerging equities	32,252	2.1%
91,344	6.0%	LCIV Longview	104,834	6.9%
54,707	3.6%	LCIV CQS Multi asset	55,874	3.7%
0	0.0%	Lansdowne hedge fund	0	0.0%
5,980	0.4%	York Capital hedge fund	2,978	0.2%
78,638	5.2%	M&G inflation opportunities	83,525	5.5%
31,855	2.1%	Insight hedge fund	32,396	2.1%
30,153	2.0%	Davidson Kempner hedge fund	32,462	2.1%
28,451	1.9%	CFM hedge fund	31,272	2.1%
		Pooled property		
53	0.0%	RREEF commercial property	0	0.0%
34,825	2.3%	Blackrock commercial property	41,055	2.7%
34,108	2.2%	Legal & General commercial prop.	41,908	2.7%
		Private equity		
102,436	6.7%	Adam St Partners fund of funds	114,032	7.5%
22,776	1.5%	Antin European infrastructure	24,628	1.6%
7,936	0.5%	Brockton opportunistic property	9,410	0.6%
27,696	1.8%	CBRE UK secured long income fund	38,439	2.5%
		Cash & accruals		
31,296	2.1%	Goldman Sachs cash	34,099	2.2%
69,039	4.5%	Northern Trust cash	39,344	2.6%
35	0.0%	Blackrock MMF	35	0.0%
2,685	0.2%	Investment accruals	2,623	0.2%
1,405,489	**100.0%**		**1,523,231**	**100.0%**

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

Security	Market value 31 March 2021 £000s	% of total Fund	Market value 31 March 2022 £000s	% of total Fund
Blackrock – Low Carbon Equities	220,389	15.7%	255,962	16.8%
MFS global equities	140,390	10.0%	154,338	10.1%
Western Asset – corporate bonds	98,381	7.0%	92,193	6.1%
Blackrock – indexed linked bonds	91,734	6.5%	92,389	6.1%
LCIV – Longview global equities	91,344	6.5%	104,834	6.9%
LCIV – Baillie Gifford global equities	116,232	8.3%	108,523	7.1%
M&G Inflation opportunities	78,638	5.6%	83,525	5.5%
Adam Street Partners – private equity	102,436	7.3%	114,032	7.5%

NOTE 15: FAIR VALUE – BASIS OF VALUATION

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

Description of asset	Valuation hierarchy	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Published bid market price at end of the accounting period.	NAV per share	Not required
Pooled investments – hedge funds	Level 2	Most recent valuation	NAV published, Cashflow transactions, i.e. distributions or capital calls	Not Required
Property held in a limited partnership	Level 3	Most recent published NAV updated for cashflow transactions to the end of the accounting period	NAV published, Cashflow transactions, i.e. distributions or capital calls	Valuations could be affected by material events between the date of the pool fund

				financial statements and the fund's own reporting date, including cash flows transacted in between the audited accounts received and the pension fund's year end.
Private equity	Level 3	Most recent valuations updated for cashflow transactions and foreign exchange movements to the end of the accounting period. The Market approach may be used in some circumstances for the valuation of underlying assets by the fund manager. Prepared in line with *International Private Equity and Venture Capital Valuation Guidelines* (2018)	Cashflow transactions, i.e. distributions or capital calls, foreign exchange movements. Audited financial statements for underlying assets, which may include market approach valuations: taking into account actual observed transactions for the underlying assets or similar assets to help value the assets of each partnership.	Valuations could be affected by material events between the date of the financial statements provided by the asset managers and the pension fund's own reporting date, including cash flows transacted in between the audited accounts received and the pension fund's year end.

Sensitivity of assets valued at level 3
Having analysed historical data and current market trends, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2022 £000s	Value on increase £000s	Value on decrease £000s
Hedge Funds	10.00%	63,734	70,107	57,361
Pooled Property	10.00%	82,963	91,259	74,667
UK secured long income fund	7.50%	38,439	41,322	35,556
UK opportunistic property	10.00%	9,410	10,351	8,469
European Infrastructure	5.00%	24,628	25,859	23,397
Private equity fund of funds	15.00%	114,032	131,137	96,927
Total		**333,206**	**370,036**	**296,376**

NOTE 15A: FAIR VALUE HIERARCHY
Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. Criteria utilised in the instrument classifications are detailed below

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, exchange traded quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments (private equity), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

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

Values at 31 March 2022	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets at fair value	143,095	1,035,480	269,472	**1,448,148**
Financial liabilities at fair value	(233)	(785)	-	**(1,018)**
Net investment assets	**142,862**	**1,034,695**	**269,472**	**1,447,029**

Values at 31 March 2021	Quoted market price Level 1 £000s	Using observable inputs Level 2 £000s	With significant unobservable inputs Level 3 £000s	Total £000s
Financial assets at fair value	147,634	925,848	229,830	**1,303,312**
Financial liabilities at fair value	(141)	(735)	-	**(876)**
Net investment assets	**147,493**	**925,113**	**229,830**	**1,302,436**

NOTE 15B: TRANSFERS BETWEEN LEVELS 1 AND 2

There has been no movement during 2021/22.

NOTE 15C: RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market value 1April 2021	Transfers in/out of level	Purchases during the year	Sales during the year	Unrealised gains/losses	Realised gains/losses	Market value 31March 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Pooled Property	68,986	0	8,335	(660)	14,637	0	82,963
	68,986	0	**8,335**	**(660)**	**14,637**	0	**82,963**
Venture capital	102,436	0	8,063	(29,693)	15,749	17,477	114,032
Infrastructure	22,776	0	0	0	1,852	0	24,628
Property Funds	27,696	0	0	0	2,408	0	38,439
UK Secured Income Funds	7,936	0	1,405	(221)	290	0	9,410
	160,844	**0**	**9,468**	**(29,914)**	**28,634**	**17,477**	**186,509**
	229,830	**0**	**17,803**	**(30,574)**	**34,936**	**17,477**	**269,472**

NOTE 16: FINANCIAL INSTRUMENTS

NOTE 16A: CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

31 March 2021				31 March 2022		
Fair value through profit& loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit& loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£000s	£000s	£000s		£000s	£000s	£000s
			Financial assets			
99,209			Bonds	93,110		
48,424			Equities	49,985		
925,798			Pooled investments	1,035,480		
68,933			Pooled property	82,963		
160,897			Private equity	186,509		
49			Derivative contracts	101		
	100,369		Cash deposits		73,478	
	2,685		Other investment balances		2,623	
			Trade debtors			
1,303,270	**103,054**	-	**Total financial assets**	**1,448,148**	**76,101**	-
			Financial liabilities			
		(141)	Derivative contracts			(233)
		(735)	Other investment balances			(785)
			Trade creditors			
	-	**(876)**	**Total financial liabilities**		-	**(1,018)**
1,303,270	**103,054**	**(876)**	**Grand total**	**1,448,148**	**76,101**	**(1,018)**

NOTE 16B: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31 March 2021 £000s		31 March 2022 £000s
	Financial assets	
254,095	Designated at fair value through profit & loss	105,306
(4,116)	Financial assets at amortised costs	4,131
249,979	**Total**	**109,437**

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

NOTE 17: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level, although this leads to a potential higher volatility of future funding levels and therefore contribution rates.

Management of risk
The Pension Fund is invested in a range of different types of asset – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme Management and Investment of Funds Regulations 2016, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of an Investment Strategy Statement which sets out the Fund's approach to investment including the management of risk.

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

a) Market risk

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

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

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

The fund manages these risks in two ways:

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

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

Other price risk

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

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

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

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period (based on assumption made in March 2022 on data provided by the Fund's investment consultant. The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns.

Asset type	Potential market movements (+/-) 2020/21	Potential market movements (+/-) 2020/22
Fixed income government bond	0.9%	1.6%
Inflation-linked government bonds	0.1%	0.6%
Investment grade corporate bonds	1.5%	2.5%
Equities	6.3%	6.7%
Private equity	8.3%	9.3%
Real estate	5.4%	5.3%
Hedge funds	3.4%	3.4%

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

Asset type	Value at 31 March 2022 £000	Potential value on increase £000	Potential value on decrease £000
Fixed income government bond	2,095	2,129	2,061
Inflation-linked government bonds	92,389	92,943	91,835
Investment grade corporate bonds	91,015	93,290	88,740
Equities	705,894	753,189	658,599
Private equity	186,509	203,854	169,164
Real estate	82,963	87,360	78,566
Hedge funds	287,182	296,946	277,418
Cash & accruals	75,184	75,184	75,184
	1,523,231	**1,604,895**	**1,441,567**

Asset type	Value at 31 March 2021 £000	Potential value on increase £000	Potential value on decrease £000
Fixed income government bond	4,082	4,119	4,045
Inflation-linked government bonds	91,734	91,826	91,642
Investment grade corporate bonds	94,300	95,715	92,886
Equities	652,705	693,825	611,585
Private equity	160,844	174,194	147,494
Real estate	68,986	72,711	65,261
Hedge funds	229,784	237,597	221,971
Cash & accruals	103,054	103,054	103,054
	1,405,489	**1,473,04**	**1,337,938**

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

The fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis
The council recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

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

Assets exposed to interest rate risk	Value as at 31 March 2022 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash deposits	-	-	-	-
Cash & cash equivalents	73,243	732	73,975	72,511
Cash balances	12	0	12	12
Bonds	266,570	2,666	269,236	263,904
Total	**339,825**	**3,398**	**343,223**	**336,427**

Assets exposed to interest rate risk	Value as at 31 March 2021 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash deposits	-	-	-	-
Cash & cash equivalents	100,369	1,004	101,373	99,365
Cash balances	53	1	54	52
Bonds	190,944	1,909	192,853	189,035
Total	291,366	2,914	294,280	288,452

Income exposed to interest rate risks	Amount receivable as at 31 March 2022 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	277	3	280	274
Bonds	3,282	33	3,315	3,249
Total	3,559	36	3,595	3,523

Income exposed to interest rate risks	Amount receivable as at 31 March 2021 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	28	0	28	28
Bonds	3,439	34	3,474	3,435
Total	3,467	34	3,502	3,463

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

Currency risk

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

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

Currency risk – sensitivity analysis

There is a risk that due to exchange rate movements the sterling equivalent value of the investments falls. The Fund acknowledges that adverse foreign currency movements relative to Sterling can reduce the value of the fund’s investment portfolio. The table below demonstrates the potential value of the fund’s investments based on positive or adverse currency movements by 10%.

Assets exposed to currency risk	Assets value as at 31 March 2022 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Canadian Dollar	1	-	1	1
Euro	23,674	2,367	26,042	21,307
Japanese Yen	133	13	146	119
Norwegian Krone	6	1	7	5
Swiss Franc	31	3	34	27
US Dollar	192,452	19,245	211,697	173,207
	216,296	**21,630**	**237,926**	**194,667**

Assets exposed to currency risk	Assets value as at 31 March 2021 £000	Potential movement £000	Value on increase £000	Value on decrease £000
Canadian Dollar	2	-	2	2
Euro	22,986	2,297	25,262	20,669
Hong Kong Dollar	5	-	5	4
Japanese Yen	140	14	154	126
Swiss Franc	29	3	32	26
US Dollar	167,656	16,766	184,422	150,891
	190,798	**19,080**	**209,877**	**171,718**

b) Credit risk

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

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

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

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

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

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2022 was £73.5m (31 March 2021 - £100.4m). This was held with the following institutions:

	Rating	Balances as at 31 March 2021 £000	Balances as at 31 March 2022 £000
Money market funds			
Goldman Sachs money market fund	AAAm	31,296	34,099
Blackrock money market fund	AAAm	35	35
Bank current accounts			
HSBC	AA-	21	12
Northern Trust Custodian	AA-	65,373	39,344
Cash held by fund managers		3,666	
		100,391	**73,490**

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

The Fund has immediate access to its pension fund cash holdings.

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

All financial liabilities at 31 March 2022 are due within one year.

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

NOTE 18: FUNDING ARRANGEMENTS

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

The key elements of the funding policy are:

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

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

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

Financial assumptions

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

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

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

NOTE 19: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

Introduction

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

Actuarial Position

a) The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £1,185.5M) covering 103% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.

b) The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:

- 18.5% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

Plus

- an allowance of 1.5% of pay for McCloud and cost management – see paragraph 9 below,

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

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

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

d) The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.

e) The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled and subsumption body funding target *	4.20% p.a.
Low risk funding target	1.30% p.a.
Ongoing Orphan funding target	3.30% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target *	4.20% p.a.
Low risk funding target	1.30% p.a.
Ongoing Orphan funding target	1.60% p.a.
Rate of pay increases	3.60% p.a.
Rate of increase to pension accounts	2.10% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.10% p.a.

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

The assets were valued at market value.

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

f) The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's postcode data using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Projections Model (CMI2018), with s_k of 7.5 and parameter A of 0.0 assuming a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

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

g) The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.

h) The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 31 March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the

Fund as at 31 March 2022 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

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

- **Increases to Guaranteed Minimum Pensions (GMPs):**
  The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. On 23 March 2021, the Government published a response to its consultation on the longer term solution to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case. The response set out its proposed longer term solution, which is to extend the interim solution further to those reaching SPA after 5 April 2021.

  The results of the 2019 valuation do not allow for the impact of this proposed longer term solution. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

- **Cost Management Process and McCloud judgement:**
  Initial results from the Scheme Advisory Board (SAB) 2016 cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS due to this judgement was issued in July 2020. On 13 May 2021 Government confirmed the key elements of the expected changes to the LGPS to implement the McCloud judgement in a Written Ministerial Statement, although final Regulations are not expected to be come into force until 2023. After incorporating the potential costs of the McCloud remedy, the 2016 SAB cost management process has concluded, with no benefit improvements or member contribution changes being recommended under that process. However, some uncertainty remains as the inclusion of McCloud costs in the cost management process is the subject of a Judicial Review.

  The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 1.5% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the details of the LGPS changes arising from the McCloud judgement and (if applicable) arising from the 2016 cost management process have been finalised.

  Work on the 2020 cost management process has now been started, and it is possible that further changes to benefits and/or contributions may ultimately be required under that process, although the outcome is not expected to be known for some time.

- **Goodwin**
  An Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements, although these changes are yet to be reflected in LGPS regulations. We expect the average additional liability to be less than 0.1%, however the impact will vary by employer depending on their membership profile.

j) This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

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

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

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

http://governance.enfield.gov.uk/documents/s91945/Appendix%202%20Enfield%20PF%2031%20March%202019%20Valuation%20Results.pdf

Aon Solutions UK Limited

May 2022

NOTE 20: CURRENT ASSETS

31 March 2021 £000s		31 March 2022 £000s
	Debtors	
195	Contributions due - employees	226
577	Contributions due - employers	631
144	Sundry debtors	0
916		**857**
	Cash balances	
21	Current account	13
937		**870**

NOTE 20A: LONG TERM DEBTORS

31 March 2021 £000s		31 March 2022 £000s
	Debtors	
96	Pensioner Tax liability	113
96		**113**

NOTE 21: CURRENT LIABILITIES

31 March 2021 £000s		31 March 2022 £000s
(1)	Sundry creditors	(1,336)
(488)	Benefits payable	(103)
(489)		**(1,439)**

NOTE 22: ADDITIONAL VOLUNTARY CONTRIBUTIONS

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

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

	Opening Balance at 1st April 21 £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2022 £000s
Plan Value	**3,512**	980	(500)	42	**4,034**
	3,512	**980**	**(500)**	**42**	**4,034**

NOTE 23: AGENCY SERVICES

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

NOTE 24: RELATED PARTY TRANSACTIONS

London Borough of Enfield

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

During the reporting period, the Council incurred costs of £1.337m (2020/21: £1.659m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The Council is also the single largest employer of members of the pension fund and contributed £41m to the fund in (2020/21 £38.5m). At year end the Pension Fund owed the Council £103k (£126k in 2020/21).

Scheduled and admitted bodies owed the Fund £861k (£898k in 2020/21) from employer & employee contributions. All payments were received by 19th April 2022.

Governance

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

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

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

NOTE 24A: KEY MANAGEMENT PERSONNEL

The key management personnel of the fund are the Pension manager, Finance Manager (Pensions & Treasury), the Head of Exchequer Services. As required by paragraph 3.9.4.2 of the CIPFA code of practice 2021/22 the figures below show the total remuneration and the change in value of post-employment benefits provided to these individuals over the accounting year.

31 March 2020 £000s		31 March 2022 £000s
267	Short-term benefits	268
74	Post-employment benefits	74
341		**342**

NOTE 25: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The total outstanding capital commitments (investments) at 31 March 2022 are £60.5m (31 March 2021 were £40m).

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

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

1. Introduction

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

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

1.1 Regulatory Framework

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

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

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

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

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

1.2 Review of FSS

The FSS is reviewed in detail at least every three years ahead of the triennial valuation being completed. Annex 1 is updated more frequently to reflect any changes to employers.

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

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries, please contact Bola Tobun in the first instance at bola.tobun@enfield.gov.uk or on 0208 132 1588

2. Purpose

2.1 Purpose of FSS

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

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

These objectives are desirable individually but may be mutually conflicting.

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

2.2 Purpose of the Fund

The Fund is a vehicle by which scheme benefits are delivered. The Fund:
- receives contributions, transfers in and investment income; and
- pays scheme benefits, transfers out, costs, charges and expenses as defined in the LGPS Regulations and as required in the Investment Regulations.

Three objectives of a funded scheme are:

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

- not to unnecessarily restrain the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk; and

- to help employers recognise and manage pension liabilities as they accrue, with consideration to the effect on the operation of their business where the Administering Authority considers this appropriate.

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

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

2.3 Aims of the Funding Policy

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

- to comply with regulation 62 of the LGPS Regulations, and specifically:

- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;

- to ensure the long-term solvency and long term cost efficiency of the Fund as a whole and the solvency of each of the sub-funds notionally allocated to individual employers, which should be assessed in light of the risk profile of the Fund and Employers;

- to minimise the degree of short-term change in the level of employers' contributions where the Administering Authority considers it reasonable to do so;

- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;

- to address the different characteristics of the disparate employers or groups of employees, to the extent that this is practical and cost effective; and

- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

3.1 Derivation of Employer Contributions

Employer contributions are normally made up of two elements:

a) the estimated cost of future benefits being accrued, referred to as the "*future service rate*" or the primary contribution rate; plus

b) an adjustment for the funding position of accrued benefits relative to the Fund's funding target, the "*past service adjustment".* If there is a surplus there may be a contribution reduction. If there is a deficit, there may be a contribution addition, with the surplus or deficit spread over an appropriate period. This is known as the secondary contribution.

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

The Fund's Actuary is also required to adjust the Primary Contribution Rate for circumstances which are deemed "peculiar" to an individual employer[2]. It is the adjusted contribution rate which employers are actually required to pay, and this is referred to as the Secondary employer contribution requirement.

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

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

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

3.2 Funding Principle

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

3.3 Funding Targets

Risk Based Approach

The Fund utilises a risk based approach to funding strategy.

A risk based approach entails carrying out the actuarial valuation on the basis of the assessed likelihood of meeting the funding objectives, rather than relying on a 'deterministic' approach which gives little idea of the associated risk. In practice, three key decisions are required for the risk based approach:

[1] See Regulation 62(5)
[2] See Regulation 62(7)

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

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

These three terms are considered in more detail below.

Solvency Target and Funding Target

Solvency and Funding Success

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

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

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

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

For Admission Bodies and other bodies whose liabilities are expected to be orphaned following exit, the required Solvency Target will typically be set at a more prudent level dependent on circumstances. For most such bodies, the chance of achieving solvency will be set commensurate with assumed investment in an appropriate portfolio of Government index linked and fixed interest bonds after exit.

Probability of Funding Success

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

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

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

Funding Target

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

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

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

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

- Primary contribution rates are set by use of the Projected Unit valuation method for most employers. The Projected Unit method is used in the actuarial valuation to determine the cost of benefits accruing to the Fund as a whole and for employers who continue to admit new members. This means that the contribution rate is derived as the cost of benefits accruing to employee members over the year following the valuation date expressed as a percentage of members' pensionable pay over that period.

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

Application to different types of body

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

Scheduled Bodies and certain other bodies of sound covenant

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

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

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

Admission Bodies and certain other bodies whose participation is limited

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

3.4 Full funding

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

3.5 Ongoing Funding Basis

Demographic assumptions

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

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

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

Financial assumptions

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

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

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

3.6 Primary or Future Service Contribution Rates

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

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

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

3.7 Adjustments for Individual Employers

Notional sub-funds

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

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

Roll-forward of notional sub-funds

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

Further adjustments are made for:

- A notional deduction to meet the expenses paid from the Fund in line with the assumption used at the previous valuation.

- Allowance for any known material internal transfers in the Fund (cashflows will not exist for these transfers). The Fund Actuary will assume an estimated cashflow equal to the value of the Cash Equivalent Transfer Value (CETV) of the members transferring from one employer to the other unless some other approach has been agreed between the two employers.

- Allowance for death in service benefits, ill-health retirement costs and any other benefits shared across all employers (see earlier).

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

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

- Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is of low materiality, estimated cashflows will be used.

- Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is material, the Fund Actuary will instead use an analysis of gains and losses to roll forward the notional sub-fund. Analysis of gains and losses methods are less precise than use of cashflows and involve calculation of gains and losses relative to the surplus or deficit exhibited at the previous valuation. Having established an expected surplus or deficit at this valuation, comparison of this with the liabilities evaluated at this valuation leads to an implied notional asset holding.

- Analysis of gains and losses methods will also be used where the results of the cashflow approach appears to give unreliable results, perhaps because of unknown internal transfers.

Fund maturity

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

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

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

Attribution of investment income

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

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

3.8 Stability of Employer Contributions

3.8.1 Recovery and Trajectory Periods

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

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

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

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

The Administering Authority recognises that a large proportion of the Fund's liabilities are expected to arise as benefit payments over long periods of time. For employers of sound covenant, the Administering Authority is prepared to agree to recovery periods which are longer than the average future working lifetime of the membership of that employer. The Administering Authority recognises that such an approach is consistent with the aim of keeping employer contribution rates as nearly constant as possible. However, the Administering Authority also recognises the risk in relying on long Recovery Periods for employers with a deficiency and has agreed with the Fund Actuary a limit of 16 years, for employers with a deficiency which are assessed by the Administering Authority as being long term secure employers. For surplus recovery (where applicable) in relation to employers in surplus, the Administering Authority has agreed with the Fund Actuary that a Recovery Period of 19 years will normally be used, or for employers with a fixed term of participation the remaining term of participation may be used as the Recovery Period.

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

3.8.2 Grouped contributions

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

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

Best Value Admission Bodies continue to be ineligible for grouping.

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

All employers in the Fund are grouped together in respect of the risks associated with payment of lump sum and spouses pension benefits on death in service as well as ill-health retirement costs – in other words, the cost of such benefits is shared across the employers in the Fund. Such benefits can cause immediate funding strains which could be significant for some of the smaller employers without insurance or sharing of risks. The Fund, in view of its size, does not see it as cost effective or necessary to insure these benefits externally and this is seen as a pragmatic and low-cost approach to spreading the risk.

3.8.3 Stepping

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

3.8.4 Long-term cost efficiency

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

- The implied average deficit recovery period, allowing for the stepping of employer contribution changes where applicable;

- The investment return required to achieve full funding over the recovery period; and

- How the investment return compares to the Administering Authority's view of the expected future return being targeted by the Fund's investment strategy

3.8.5 Inter-valuation funding calculations

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

3.9 Special Circumstances related to certain employers

3.9.1 Interim reviews

Regulation 64(4) of the LGPS Regulations provides the Administering Authority with a power to carry out valuations in respect of employers which are expected to cease at some point in the future, and for the Fund Actuary to certify revised contribution rates, between triennial valuation dates.

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

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

- Where the date of exit is known, and is more than three years hence, or is unknown and assumed to be indefinite, interim valuations will generally not be carried out at the behest of the Administering Authority.

- For Admission Bodies falling into the above category, the Administering Authority sees it as the responsibility of the relevant Scheme Employer to instruct it if an interim valuation is required. Such an exercise would be at the expense of the relevant Scheme Employer unless otherwise agreed.

- A material change in circumstances, such as the date of exit becoming known, material membership movements or material financial information coming to light may cause the Administering Authority to informally review the situation and subsequently formally request an interim valuation.

- For an employer whose participation is due to cease within the next three years, the Administering Authority will keep an eye on developments and may see fit to request an interim valuation at any time.

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

3.9.2 Guarantors

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

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

- If the Guarantor is an employer in the Fund and is judged to be of suitable covenant by the Administering Authority, the Guarantor may defray some of the financial liability by subsuming the residual liabilities into its own pool of Fund liabilities. In other words, it agrees to be a source of future funding in respect of those liabilities should future deficiencies emerge.

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

3.9.3 Bonds and other securitization

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

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

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

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

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

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

3.9.4 Subsumed liabilities

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

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

3.9.5 Orphan liabilities

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

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

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

3.9.6 Cessation of participation

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

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

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

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

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

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

In all other cases where the exit valuation above shows a surplus in relation to employers exiting on or after 14 May 2018, an exit credit will be paid to the exiting employer within 3 months of the later of (a) the exit date; and (b) the date when the employer has provided the Fund with all requisite information in order for the Fund to facilitate the exit valuation.

3.9.7 Academies

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

New Academy conversions

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

- Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;

- Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund based on what is known as a "prioritised share of fund" approach. This means that the academy will inherit an appropriate share of the deficit attributable at conversion to the London Borough of Enfield's former employees as well as the academy's own employees.

- Set contribution levels prior to the next valuation in line with the London Borough of Enfield's contribution rate, provided this leads to a Recovery Period for the Academy which is no longer than the Recovery Period for the London Borough of Enfield. In the latter case the Recovery Period would be set to coincide with the Recovery Period for the London Borough of Enfield and a contribution level determined accordingly.

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

- Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;

- Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund which is equal to the value placed on the liabilities upon conversion for the academy's current employees.

- Set contribution levels prior to the next valuation in line with the London Borough of Enfield's future service ("primary") contribution rate.

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

Existing academies and Multi Academy Trusts

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

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

3.9.8 Admission Bodies with 10 members or fewer

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

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

3.10 Early Retirement Costs

3.10.1 Non Ill-Health retirements

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

In broad terms it assumed that members' benefits on retirement are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age, other than on ill-health grounds, are deemed to have retired early. The additional costs of premature retirement are calculated by reference to this age.

4. Links to investment strategy

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

4.1 Investment strategy

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

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

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

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

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

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

4.2 Consistency with funding bases

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

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

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

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

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

4.3 Balance between risk and reward

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

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

4.4 Intervaluation Monitoring of Funding Position

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

5. Key Risks & Controls

5.1 Types of Risk

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

- Investment
- Employer
- Liquidity and maturity
- Liability
- Regulatory and compliance;
- Recovery period; and
- Stepping.

5.2 Investment Risk

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

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

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

5.3 Employer Risk

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

5.4 Liquidity and maturity Risk

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

5.5 Liability Risk

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

5.6 Regulatory and compliance risk

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

5.7 Recovery Period

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

5.8 Stepping

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

Annex 1 – Responsibilities of Key Parties

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

Their key responsibilities are set out below.

The Administering Authority should:

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

The Individual Employers should:

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

- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain;

- notify the Administering Authority promptly of all changes to membership or, as may be proposed, which affect future funding;

- pay any exit payments as required in the event of their ceasing participation in the Fund; and

- note and if desired respond to any consultation regarding the Funding Strategy Statement, the Investment Strategy Statement or other policies.

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

- funding strategy and the preparation of the Funding Strategy Statement

- will prepare actuarial valuations including the setting of employers' contribution rates and issue of a Rates and Adjustments Certificate, after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement and the LGPS Regulations

- bulk transfers, individual benefit-related matters such as pension strain costs, compensatory added years costs, etc

- valuations of exiting employers, i.e. on the cessation of admission agreements or when an employer ceases to employ active members

- bonds and other forms of security for the Administering Authority against the financial effect on the Fund and of the employer's default.

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

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

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

INVESTMENT STRATEGY STATEMENT

1. Introduction

1.1 This is the Investment Strategy Statement (ISS) of the London Borough of Enfield Pension Fund adopted by Enfield Council (the Council) in its capacity as Administering Authority of the Local Government Pension Scheme. In this capacity the Council has responsibility to ensure the proper management of the Fund.

1.2 The Council has delegated to its Pension Policy & Investment Committee ("the Committee") "all the powers and duties of the Council in relation to its functions as Administering Authority except for those matters delegated to other committees of the Council or to an officer."

1.3 The ISS has been prepared by the Committee having taken appropriate advice. It meets the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations).

1.4 The ISS is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Strategy with each of its employers and the Pension Board. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

2. Statutory background

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

3. Directions by the Secretary of State

3.1 Regulation 8 of the Regulations enables the Secretary of State to issue a Direction if he is satisfied that an administering authority is failing to act in accordance with guidance issued by the Department of Communities and Local Government.

3.2 The Secretary of State's power of intervention does not interfere with the duty of elected members under general public law principles to make investment decisions in the best long-term interest of scheme beneficiaries and taxpayers.

4. Advisers

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

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

5. Objective of the Fund

5.1 The objective of the Fund is to provide pension and lump sum benefits for scheme members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The sums required to fund these benefits and the amounts actually held (i.e. the funding position) are reviewed at each triennial actuarial valuation, or more frequently as required.

5.2 The target investment strategy is designed to have an expected return in excess of the discount rate while achieving a level of risk the Committee considers to be appropriate. The aim is to ensure contribution rates are set at a level to attain 100% funding within the timescale agreed with the Fund Actuary and set out in the Funding Strategy Statement.

6 Investment beliefs

6.1 The Fund's fundamental investment beliefs which inform its strategy and guide its decision making are:

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

6.2 At its meeting of 27th February 2020, the Committee approved additional investment beliefs as set out in Appendix 3 of this statement. This set out the ESG themes of important areas of focus for the Fund Responsible Investment activities, and our core positions in each area. This provides greater clarity about the Fund expectations to both investee businesses and other stakeholders

7 The suitability of particular investments and types of investments

7.1 The Committee decides on the investment policies most suitable to meet the liabilities of the Fund and has ultimate responsibility for investment strategy.

7.2 The Committee has translated its investment objective into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility, risk and the nature of the Fund's liabilities.

7.3 The approach seeks to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members) and the liabilities arising therefrom, together with the level of disclosed surplus or deficit (relative to the funding bases used) and the Fund's projected cash flow requirements.

7.4 Following the triennial valuation in 2016 the Panel, as advised by Aon Hewitt, considered its investment strategy alongside its funding objective and agreed the following structure:

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

7.5 The most significant rationale of the structure is to invest the majority of the Fund assets in "growth assets" i.e. those expected to generate 'excess' returns over the long term. The structure also includes an allocation to "matching" assets, such as index bonds, gilts and corporate bonds. The investments in property and infrastructure provide diversification whilst the hedge fund protects the Fund on the downside by targeting absolute returns. This strategy is aimed to provide in excess of the discount rate used to value liabilities in the triennial valuation.

7.6 The Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability and diversification given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

7.7 The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not deviate from within the target range. If such a deviation occurs, a rebalancing exercise is carried out to ensure that the allocation remains within the range set.

7.8 It is intended that the Fund's investment strategy will be reviewed at least every three years, following actuarial valuations of the Fund. The investment strategy review will typically involve the Panel, in conjunction with its advisers, undertaking an in-depth Asset Liability Modelling exercise to understand the risks within the Fund's current investment strategy and establish other potentially suitable investment strategies for the Fund in the future. This approach was adopted following the 2013 triennial valuation.

7.9 The results of the 2019 valuation showed a 103% funding level which has since weakened to 96%. The intention is for an Asset Liability Modelling exercise to be undertaken and the strategy reviewed over the first quarter of 2021. Investment Strategy Statement will subsequently be updated to reflect the outcome of this strategy review and to include the expected return and volatility of the investment strategy.

8 Asset classes

8.1 The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest, index linked and corporate bonds, hedge funds, infrastructure and property either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

8.2 In line with the Regulations, the Council's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the Council within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007"

8.3 With investment returns included, the Fund has a positive cash flow that enables investment in illiquid asset classes e.g. property. The majority of the Fund's assets are highly liquid i.e. can be readily converted into cash, and the Council is satisfied that the Fund has sufficient liquid assets to meet all expected and unexpected demands for cash. However, as a long term investor the Council considers it prudent to include illiquid assets in its strategic asset allocation in order to benefit from the additional diversification and extra return this should provide.

8.4 For most of its investments the Council has delegated to the fund managers responsibility for the selection, retention and realisation of assets. The Fund retains sufficient cash to meet its liquidity requirements, and cash balances are invested in appropriate interest earning investments pending their use. The investment of these cash balances is managed internally.

9 Fund Managers

9.1 The Council has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme Regulations. Their activities are specified in either detailed investment management agreements or subscription agreements and regularly monitored. The Committee is satisfied that the appointed fund managers, all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business, have sufficient expertise and experience to carry out their roles.

9.2 The investment style is to appoint fund managers with clear performance benchmarks and place maximum accountability for performance against that benchmark with them. Multiple fund managers are appointed to give diversification of investment style and spread of risk. The fund managers appointed are mainly remunerated through fees based on the value of assets under management.

9.3 The managers are expected to hold a mix of investments which reflect their views relative to their respective benchmarks. Within each major market and asset class, the managers maintain diversified portfolios through direct investment or pooled vehicles.

9.4 The investment management agreement in place for each fund manager, sets out, where relevant, the benchmark and performance targets. The agreements also set out any statutory or other restrictions determined by the Council. Investment may be made in accordance with The Regulations in equities, fixed interest and other bonds and property, in the UK and overseas markets.

9.5 As at the date of this ISS the details of the managers appointed by the Committee are set out in Appendix 1

9.6 Where appropriate, custodians are appointed to provide trade settlement and processing and related services. Where investments are held through pooled funds, the funds appoint their own custodians.

9.7 Performance targets are generally set on a three-year rolling basis and the Committee monitors manager performance quarterly. Advice is received as required from officers, the professional investment adviser and the independent advisory member. In addition, the Committee requires all managers to attend a separate manager day meeting twice a year, and officers meet each of the managers in the "alternate quarters" (i.e. when there is no "manager day" meeting) to review and scrutinise performance.

9.8 The Committee also monitors the qualitative performance of the Fund managers to ensure that they remain suitable for the Fund. These qualitative aspects include changes in ownership, changes in personnel, and investment administration.

10 Stock lending

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

11 Approach to risk

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

11.2 **Funding risks**

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

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

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

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

11.3 **Manager risks**

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

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

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

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

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

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

12 Approach to pooling

12.1 The Fund is a participating member in the London Collective Investment Vehicle (CIV) as part of the Government's pooling agenda.

12.2 Since July 2016, the London CIV has made changes to its governance structure, which now operates as follows:
London LGPS CIV Limited ("London CIV") is fully authorised by the FCA as an Alternative Investment Fund Manager (AIFM) with permission to operate a UK based Authorised Contractual Scheme fund (ACS Fund). FCA firm registered as London LGPS CIV Ltd, Reference Number 710618.

12.3 Approval for the structure has been signed off by the 32 participating London Authorities.

12.4 The governance structure of the CIV has been designed to ensure that there are both formal and informal routes to engage with all the Authorities as both shareholders and investors. This is achieved through:

- The Shareholder Committee, which acts on behalf of the Shareholders as a consultative body, including on the Company's business plans and financial performance, and topics such as Responsible Investment. It comprises 12 Committee Members made up of 8 Local Authority Pension Committee Chairs (or Leaders of London Local Authorities) and 4 Local Authority Treasurers. The Chair of the Board of London CIV is also a member of the Committee. A trade union representative sits as an observer.

- The client services framework, which is informed by shareholder consultation and includes a programme of events for clients collectively.

12.5 At the company level for London CIV, it is the Board of Directors that is responsible for decision making within the company, which will include the decisions to appoint and remove investment managers

13 Social, environmental and governance considerations

13.1 Climate change is a key financially material environmental risk. The Committee believe that, over the expected lifetime of Enfield Pension Fund, climate-related risks and opportunities will be financially material to the performance of the investment portfolio. As such, the Committee will consider climate change issues across Enfield Pension Fund and specifically in areas such as Strategic Asset Allocation, Investment Strategy and Risk Management with the aim of minimising adverse financial impacts and maximising the opportunities for long-term economic returns on Enfield Pension Fund's assets.

13.2 A fiduciary duty is an obligation to act with loyalty and honesty and in a manner consistent with the best interests of another party. The Enfield Pension Fund Committee has a fiduciary duty to deliver the best risk-adjusted returns for the members of the pension scheme over the long term. And will seek to invest in a way that is financially and socially beneficial to scheme members by ensuring that the businesses in which we invest are both financially and environmentally sustainable, have high standards of governance and are responsible employers.

13.3 The concern over the potential financial risk posed by carbon-intensive investments is therefore a key driver of the fund's carbon exposure management agenda

13.4 The Fund is committed to be a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills.

13.5 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

13.6 The Fund expects its external investment managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material Economic Social Governance (ESG) factors within its investment analysis and decision making.

13.7 Where appropriate, the Committee considers how it wishes to approach specific ESG factors in the context of its role in asset allocation and investment strategy setting. Taking into account the ratification in October 2016 of the Paris Agreement, the Committee considers that significant exposure to fossil fuel reserves within the Fund's portfolio could pose a material financial risk. In Autumn 2019, Trucost were commissioned to produce a Carbon Risk Audit for the Fund, quantifying the Fund's exposure through its equity portfolio to fossil fuel reserves and power generation and where the greatest risks lie.

13.8 Having taken into account the risks associated with exposure to fossil fuel reserves, the Committee has approved a target to:

a. Reduce the Fund's total equity portfolio relative exposure to future emissions from fossil fuel reserves (measured in MtCO2e – million tonnes of CO2 emissions) by 50% over 5 years up to 30 September 2025.
b. Measure the reduction relative to the Fund's total equity portfolio position as at 30 September 2019 and adjusted for Assets Under Management (£AUM)

13.9 The target will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Committee's fiduciary duties.

13.10 The Committee considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. Consideration has therefore been given in setting the Fund's Investment Strategy to how this objective can be achieved within a pooled investment structure and the Committee, having taken professional advice, will work with the London CIV to ensure that suitable strategies are made available.

13.11 Where necessary, the Fund will also engage with its Investment Managers or the London CIV to address specific areas of carbon risk. The Fund expects its investment managers to integrate financially material ESG factors into their investment analysis and decision making and may engage with managers and the London CIV to ensure that the strategies it invests in remain appropriate for its needs. However, the Fund does not at this time operate a blanket exclusion policy in respect of specific sectors or companies.

13.12 The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.

13.13 At the present time the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. The Committee reviews its approach to non-financial factors periodically, taking into account relevant legislation and the Law Commission's guidance on when such factors may be considered. Additionally, the Committee monitors legislative and other developments with regards to this subject and will review its approach in the event of material changes.

13.14 The Fund does not at the time of preparing this statement hold any assets which it deems to be social investments; however, this ISS places no specific restrictions on the Fund in respect of such investments beyond those of suitability within the Investment Strategy as a whole and compatibility with the Committee's fiduciary duties. In considering any such investment in the future, the Committee will have regard to the Guidance issued by the Secretary of State and to the Law Commission's guidance on financial and non-financial factors.

13.15 The Fund, in preparing and reviewing its Investment Strategy Statement, will consult with interested stakeholders including, but not limited to, Fund employers, investment managers, Local Pension Board, advisers to the Fund and other parties that it deems appropriate to consult with.

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

14.1 The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies' activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.

14.2 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

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

15 Stewardship

15.1 The Fund has not issued a separate Statement of Compliance with the Stewardship Code, but fully endorses the principles embedded in the Principles of the Stewardship Code.

15.2 The Fund expects its external investment managers to be signatories of the Stewardship Code and reach Tier One level of compliance or to be seeking to achieve a Tier One status within a reasonable timeframe. Where this is not feasible the Fund expects a detailed explanation as to why it will not be able to achieve this level. In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

15.3 The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests. In addition, the Fund gives support to shareholder resolutions where these reflect concerns which are shared and represent the Fund's interest.

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16 Compliance with "Myners" Principles

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

Appendix 1

Fund Manager Structure (This prescribed in the ISS regulations)

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

Fund manager	Investment objectives
Equities & Private Equity	
BlackRock Advisers UK Ltd (Passively Managed Global Equity and UK Equity)	*To perform in line with the prescribed Equity and Bond indices.*
MFS (Actively Managed Global Equity Portfolio)	*To outperform the MSCI World Index by 4% pa gross of fees over rolling three-year periods.*
London CIV – Baillie Gifford (Actively Managed Global Equity Portfolio)	*To outperform the MSCI All country World Index by 2-3% per annum gross of fees over rolling three year periods.*
London CIV – Longview (Actively Managed Global Equity Portfolio	*To outperform the MSCI World Index by 2% per annum gross of fees over rolling three year periods.*
London Collective Investment Vehicle (LCIV) – JP Morgan (Actively Managed EM Equity Portfolio)	*To outperform the MSCI Emerging Market Index (Total return) by 2.5% per annum net of fees over rolling three year periods.*
Adam Street Partners (Private Equity Portfolio)	*To outperform the MSCI World Index.*
Bonds	
BlackRock Advisers UK Ltd (Passively Managed Bond & Index linked Portfolios)	*To perform in line with the prescribed Bond indices.*
Insight Bond Fund Absolute bond return	*3 month LIBOR +4% per annum over rolling three period.*
London CIV – CQS (Actively Managed Multi Asset Credit Portfolio)	*To seek to achieve 3 month LIBOR +4% per annum net of fees over rolling four year period.*
Western Asset Management (Actively Managed corporate Bond Portfolio)	*To outperform the benchmark (composed of a mixture of bond indices) by 0.75% pa gross of fees over rolling three-year periods.*
Inflation Protection	
M&G Inflation Opportunities Fund	*To outperform the Retail Price Index by 2.5% per annum on a rolling five year basis.*

CBRE – Inflation protection illiquid	*UK LPI +2.5%pa over a rolling ten year period*
Property	
Brockton Opportunistic property	*15% net IRR and 1.5xnet multiple*
BlackRock Advisers UK Ltd (Actively UK Property Fund) Equity and emerging Portfolios)	*To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.*
Legal & General Investment Management Ltd (Active UK Property Fund)	*To outperform the BNY Mellon CAPS pooled property fund survey median over three and five year periods.*
RREEF Management (Active UK Property Fund)	*To achieve a return of at least 4.5% per annum, net of all fees and costs, above the UK Retail Prices Index over 5 to 10 years.*
Infrastructure	
Antin	*15% Gross IRR with a gross target of 5% p.a.*
International Public Partnerships Limited *(Private Finance Initiative)*	*To achieve a return of at least 4.5% per annum.*
Hedge Funds	
CFM-Stratus Multi asset strategy	*To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)*
Davidson Kempner (Events driven)	*To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)*
Lansdowne Partners (Long/Short UK Equities Hedge Fund)	*To generate an absolute return. The benchmark is the FTSE All Share index*
York Capital Management (Distressed Debt Fund)	*To provide a positive absolute return of 14%-16% per annum. (There is no explicit benchmark against which performance is judged.)*

Appendix 2

Compliance with "Myners" Principles"

Principle 1: Effective Decision Making
Compliant: The Borough of Enfield has an appointed Pension Fund Committee consisting of elected members and there is a clearly defined decision-making process. The Committee is supported by named offices on investment and administration issues. The Committee has appointed an independent advisory member with experience in investment advice. It also employs an investment consultant and actuary. The Local Pension Board made up of Fund employers and employees has an oversight and scrutiny body.

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

Principle 2: Clear Objectives
Compliant: The overall objective for the Fund is to keep the employers' contribution rates as low and stable as possible while achieving full funding on an ongoing basis. The Committee had as its starting point the latest actuarial valuation when reviewing the investment arrangements to adopt the risk budget and set the investment strategy. The independent investment adviser gave comprehensive training and advice throughout this exercise. The Investment Managers have been advised of the strategy and have clearly defined investment performance targets. The objectives will be reconsidered following the next actuarial valuation and investment strategy review to ensure they remain appropriate.

Principle 3: Risk and Liabilities
Compliant: The Committee has given due consideration to risks and liabilities as explained in the 'Risk' section above. A strategic asset allocation benchmark has been set for the Fund. The Fund also subscribes to the Pensions & Investment research consultants (PIRC) Local Authority Universe as a broad comparison with other local authority schemes.

Principle 4: Performance Assessment
Compliant: The returns of the Investment Managers are measured independently against their performance objectives and they are required to report on investment performance each quarter.

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Principle 5: Responsible Ownership
Compliant: The Panel's policy on Sustainability is detailed in an earlier section of this document. The Investment Managers have been asked to adopt the Institutional Shareholders' Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents, and to report to the Committee on related activity at the regular meetings.

Principle 6: Transparency and Reporting
Compliant: Documents relating to the management of the Pension Fund investments are published on the Council's website – these include the Investment Strategy Statement, the Annual Report and Accounts, the Funding Strategy Statement and the Governance Compliance Statement. The 'Pensions Charter' is published on the website and this details the information which is provided to scheme members.

Appendix 3

London Borough of Enfield – Investment Beliefs (9/1/2020)

The Pension Policy and Investment Committee of London Borough of Enfield believes that: -

1. Responsible investment is **supportive of long-term risk-adjusted returns**, across all asset classes. As a long-term investor, the Fund should invest in assets with sustainable business models in fulfilling its fiduciary duty to the scheme members.
2. Investee companies and asset managers with robust governance structures are better positioned to handle shocks and stresses. They capture opportunities by investing in companies which have weak but improving governance of financially material Environmental, Social and Governance (ESG) issues. *[An opportunity is defined by its potential and intention to become aligned with the Fund's objectives and strategy].*
3. The Fund Investment managers should include the Fund ESG considerations in their investment processes**.**
4. It is important to consider a range of ESG risks and opportunities. **Investible priorities should be based on the United Nations Sustainable Development Goals (UN SDGs)**.
5. **Climate change** (SDG 13, Climate Action) represents a long term material financial risk for the Fund, and will impact our members, employers and our portfolio holdings, and is therefore one of these priorities.
6. It must prioritise the following SDGs in its investment strategy:
   a. SDG 7 – Affordable and Clean Energy
   b. SDG 9 – Industry, Innovation and Infrastructure
   c. SDG 11 - Sustainable Cities and Communities
   d. SDG 12 – Responsible Consumption and Production
   e. SDG 13 - Climate Action
7. The Fund's appointed Investment Managers are **accountable for implementing** appropriate responsible Investment policies, **tailored to these priorities**. The Investment managers should report back on these priorities.
8. **Divestment** mitigates ESG-related risk, when **collaborative engagement** with companies by investors and investment managers fails to produce positive responses, which meet its ESG-related priorities.
9. The exercise of **voting rights** is consistent with an asset owner's fiduciary duty: The Committee expects its managers to exercise this right fully and reserves the right to **direct votes**.

Supporting evidence

Investment Theses behind the chosen SDGs (**G applies to all)**

- SDG7 - Affordable and Clean Energy. Governmental pressure to meet carbon emission goals presents a serious risk to the profitability and assets of traditional energy companies. At the same time, climate-related investment opportunities are available in areas such as energy efficiency and renewable energy sources. **(E)**
- SDG9 - Industry, Innovation and Infrastructure. Industrial and Infrastructure development represent a long term source of investment and social opportunity as well as a risk of increased emissions / social stress. It also supports goals of social inclusion and gender equality. **(E, S)**
- SDG11 - Sustainable Cities and Communities. Increasing urbanisation represents a long term source of investment and social opportunity as well as a risk of increased emissions / social stress **(E, S)**
- SDG12 - Responsible Consumption and Production. Companies running energy efficient and socially responsible operations and supply chains are less exposed to risk and are likely to be favoured by customers and regulators. **(E, S)**
- SDG13 - Climate change. Climate change and the response of policy makers has the potential to have a serious impact on financial markets. **(E)**

A fiduciary duty is an obligation to act with loyalty and honesty and in a manner consistent with the best interests of another party.

The concern over the potential financial risk posed by carbon-intensive investments is therefore a key driver of the fund's carbon exposure management agenda.

The Enfield Pension Fund Committee has a fiduciary duty to deliver the best risk-adjusted returns for the members of the pension scheme over the long term. And will seek to invest in a way that is financially and socially beneficial to scheme members by ensuring that the businesses in which we invest are both financially and environmentally sustainable, have high standards of governance and are responsible employers.

GOVERNANCE AND COMPLIANCE STATEMENT

Introduction

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

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

Aims and Objectives

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

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

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

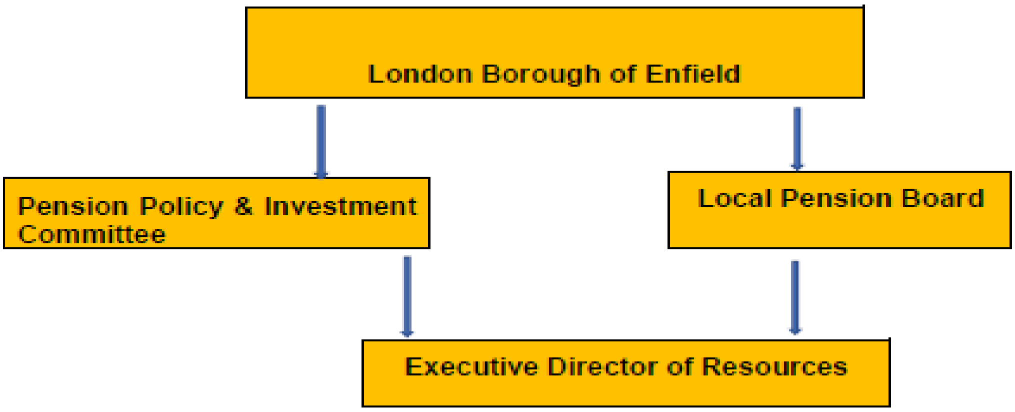
- all staff and Pension Policy & Investment Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance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

Structure

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

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

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



Terms of Reference for the Pension Policy & Investment Committee

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

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

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

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

Membership of the Pension Policy & Investment Committee

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

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

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

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

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

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

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

The Council will make available copies of the minutes of the meeting and records of decisions taken for six years after a meeting. Minutes of meetings and records of decisions are available for inspection on the Council's website:
http://governance.enfield.gov.uk/ieListMeetings.aspx?CommitteeId=664

Other Delegations of Powers

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

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

Pension Board

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

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

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

Role of the Pension Board

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

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

- Such other matters as the LGPS regulations may specify.

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

Membership of the Pension Board

The Pension Board consists of 8 members as follows:
- Four Employer Representatives
- Four Scheme Member Representatives

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

A meeting of the Pension Board is only quorate when at least three representatives are present, including at least one scheme member representative and one Councillor employer representative.

The members of the Board are appointed by an Appointments Panel which consists of:
- the Cabinet Member for Resources
- the Executive Director of Resources
- the Director of Finance
- the Executive Director of Legal & Governance

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

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

Policy Documents
In addition to the foregoing, there are a number of other documents which are relevant to the Governance and management of the Pension Fund. Brief details of these are listed below and the full copies of all documents can be found on the Pension Fund Website:
http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Funding Strategy Statement

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

Investment Strategy Statement

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

This ISS is designed to be a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, provides transparency in relation to how the Fund investments are managed, acts as a risk register, and has been designed to be informative but reader focused.
This document will be reviewed following the completion of the Fund investment strategy review and updated revised version will be tabled at the November Pension Policy & Investment Committee meeting for approval.

Governance Policy Compliance Statement

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

Training Policy

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

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

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

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

Annual Report and Accounts

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

Communication Policy

This document sets out the communications policy of the administering authority and sets out the strategy for ensuring that all interested parties are kept informed of developments in the Pension Fund. This helps to ensure transparency and an effective communication process for all interested parties. A copy of the policy can be found on the Pensions website:
http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Discretions Policies

Under the Local Government Pension Scheme regulations, the Administering Authority has a level of discretion in relation to a number of areas. The Administering Authority reviews these policies as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power. Copies of both the Administering Authority and the London Borough of Enfield' Employing Authority Discretions can be found on the website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Pension Administration Strategy and Employer Guide

In order to assist with the management and efficient running of the Pension Fund, the Pension Administration Strategy and Employer Guide encompassing administrative procedures and responsibilities for the Pension Fund for both the Administering Authority and Employing Authorities has been distributed to employers within the Fund following consultation and can be found on the website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

Approval, Review and Consultation

This Governance Policy and Statement was approved by the London Borough of Enfield Pension Policy & Investment Committee following consultation with all the participating employers in the Fund and other interested parties. It will be formally reviewed and updated at least every year or sooner if the governance arrangements or other matters included within it merit reconsideration. In August 2019, this document was reviewed and approved by Pension Policy & Investment Committee at its meeting of 5th September 2019.

Contact Information Further information on the London Borough of Enfield Pension Fund can be found as shown below:
Email: pensions@enfield.gov.uk
Website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

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

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

Key:
PPIC – Pension Policy & Investment Committee *PTM – Pensions & Treasury Manager*
EDR – Executive Director of Resources & Officers *DF - Director of Finance* *OAP- Officers & Advisers Panel*
IC – Investment Consultant *FA – Fund Actuary*
IA – Independent Adviser

Function delegated to PPIC	Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
Rebalancing and cash management	Implementation of strategic allocation including use of ranges	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Investment strategy – approving the Fund's investment strategy, Investment Strategy Statement and Myners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite	To formally review the Scheme's asset allocation at least every three year's taking account of any changes in the profile of Scheme liabilities and will assess any guidance regarding tolerance of risk. It will recommend changes in asset allocation to the Pension Policy & Investment Committee	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Monitoring the implementation of these policies and strategies on an ongoing basis.	New mandates / emerging opportunities To consider the Scheme's approach to social, ethical and environmental issues of investment, corporate governance and shareholder activism and recommend revisions to the Pension Policy & Investment Committee.	EDR, DF & PTM (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by OAP and or PTM
Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, and independent professional advisers.	Ongoing monitoring of Fund Managers and Pool Operator Selection, appointment, addition, replacement and dismissal of Fund Managers	EDR, DF and PTM (having regard to ongoing advice of the IA & IC) and subject to ratification by PPIC	High level monitoring at PPIC with more detailed monitoring by PTM & OAP Notified PPIC via ratification process.

	To evaluate the credentials of potential managers and make recommendations to the Pension Policy & Investment Committee To review the Scheme's AVC arrangements annually. If it considers a change is appropriate, it will make recommendations to the Pension Policy & Investment Committee.		
Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.	Agreeing the Administering Authority responses where the consultation timescale does not provide sufficient time for a draft response to be approved by PPIC.	EDR, DF and PTM, subject to agreement with Chairman and Vice Chairman (or either, if only one available in timescale)	PPIC advised of consultation via email (if not already raised previously at PPIC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PPIC for noting.
Agreeing the Fund's Knowledge and Skills Policy for all Pension Policy & Investment Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.	Implementation of the requirements of the CIPFA Code of Practice	EDR & DF	Regular reports provided to PPIC and included in Annual Report and Accounts.
The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Policy & Investment Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Policy & Investment Committee.	Other urgent matters as they arise	EDR, DF and PTM subject to agreement with Chairman and Vice Chairman (or either, if only one is available in the timescale)	PPIC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PPIC.
	Other non-urgent matters as they arise	Decided on a case by case basis	As agreed at PPIC and subject to monitoring agreed at that time.

Appendix B

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
STRUCTURE	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council	Compliant	The Council's Constitution states that the Pension Policy & Investment Committee is responsible for the management of the Pension Fund
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant	Trade union representatives and representatives of admitted bodies sit on the Pension Board.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Compliant	A report of the Pension Board and subcommittees meetings are presented at the following Pension Policy & Investment Committee. All key recommendations of the Pension Board are considered, noted and ratified by the Pension Policy & Investment Committee as deemed appropriate.
	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Compliant	All members of the sub committees are also members of the Pension Policy & Investment Committee.
REPRESENTATION	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - ■ employing authorities (including nonscheme employers, e.g. admitted bodies), ■ scheme members (including deferred and pensioner scheme members), ■ independent professional observers, ■ expert advisors (on an ad-hoc basis).	Compliant	Trade unions and admitted bodies are represented on the Local Pension Board
	That where lay members sit on a main or	Compliant	Papers for Local Pension Board and the Pension Policy & Investment

	secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.		Committee are made available to all members of each body at the same time and are published well in advance of the meetings in line with the council's committee agenda publication framework.
SELECTION & ROLE OF LAY MEMBERS	That committee or board members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Compliant	Members of the Local Pension Board and Pension Policy & Investment Committee have access to the terms of reference of each body and are aware of their roles and responsibilities as members of these bodies.
VOTING	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant	Members of the Pension Policy & Investment Committee does not currently confer voting rights on non-Councillors in line with common practice across the local government sector.
TRAINING/FACILITY TIME/EXPENSES	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliant	Regular training is arranged for members of the Local Pension Board and the Pension Policy & Investment Committee. In addition members are encouraged to attend external training courses. The cost of any such courses attended will be met by the Fund.
	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant	The rule on training provision is applied equally across all members of the Local Pension Board and the Pension Policy & Investment Committee.
MEETINGS (FREQUENCY/ QUORUM)	That an administering authority's main committee or committees meet at least quarterly.	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are arranged to take place quarterly.
	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are arranged to take place quarterly.
	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of	Compliant	Union representatives are on the Local Pension Board. Other stakeholders of the Fund are able to make representations at the Annual

	those arrangements by which the interests of key stakeholders can be represented.		General Meeting of the Pension Fund.
ACCESS	Subject to any rules in the Council's Constitution, all members of the main and secondary committees or panels have equal access to committee papers, documents and advice that fails to be considered at meetings of the main committee.	Compliant	Board/Committee meeting papers are circulated at the same time to all members of the Local Pension Board / Pension Policy & Investment Committee.
SCOPE	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	Local Pension Board and Pension Policy & Investment Committee considers a range of issues at their meetings and therefore has taken steps to bring wider scheme issues within the scope of the governance arrangements.
PUBLICITY	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Compliant	This Governance Compliance Statement is a public document that is attached as an appendix to the annual pension fund report.

Communication Policy Statement

This statement is prepared in accordance with the Local Government Pension Scheme (Amendment) (No.2) Regulations 2005, which require an administering authority to prepare, maintain and publish a statement on its communication strategy.

The London Borough of Enfield Local Government Pension Scheme currently has 59 admitted/scheduled employers and approximately 24,646 scheme members. This statement sets out the communication methods with each group.

Employers

Communication with the employers in the Fund takes several forms:

i) **Regular Update Letters**
All employers receive regular updates as and when issues arise e.g. changes to scheme regulations.

ii) **Annual Report and Accounts**
A copy of the document is sent to all employers.

iii) **Investment reports and minutes**
These are available on request to any employers who wish to see them.

iv) **Advice and help**
Enfield staff are available to give advice on the telephone or by e-mail.

Scheme Members

The methods of communicating with scheme members are:

i) **Telephone helpline**
A telephone helpline for all enquiries from scheme members on any aspect of their pension arrangements.

ii) **Annual Benefit Statements**
All active and deferred scheme members receive an annual benefit statement setting out what level of benefits have already been built up, along with a forecast of benefits at retirement.

iii) **Internet**
The scheme's website provides information about any updates to the Pension Fund.

iv) **Information letters**
Information about changes in regulations is provided to employees via their employers by e-mail or letter.

v) **Payslips**
All pensioners receive at least 1 payslip every year and messages are included whenever there is new information to be communicated.

Prospective Scheme Members

The methods of ensuring that prospective members are aware of the Scheme and its benefits are:

i) **Job Advertisements**
Employers advertise the benefits of the Fund in their job advertisements.

ii) **Scheme Booklet**
All new starters in the employing organisations in the Fund are provided with a scheme booklet, which sets out the benefits available from the Fund and employees are given three months to opt out of the Fund.

TRAINING AND DEVELOPMENT POLICY

Introduction

This is the Training & Development Policy of the London Borough of Enfield Pension Fund in relation to the Local Government Pension Scheme (LGPS), which is managed and administered by Enfield Council. The Policy details the training strategy for members of the Pension Policy & Investment Committee and Pension Board, and senior officers responsible for the management of the Fund.

This Training & Development Policy is established to assist Pension Policy & Investment Committee and Pensions Board members and senior officers in developing their knowledge and capabilities in their individual roles, with the ultimate aim of ensuring that the London Borough of Enfield Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Enfield Council has delegated responsibility for the implementation of this Training & Development Policy to the Executive Director of Resources.

Aims and Objectives

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

- over 23,000 current and former members of the Fund, and their dependants
- about 40 employers within the Enfield Council area or with close links to Enfield Council the local taxpayers within the London Borough of Enfield.

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

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

This Policy has been put in place to assist the Fund in achieving these objectives and all Pension Policy & Investment Committee Members, Pension Board members and senior officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

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

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

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

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

Other officers involved in the daily management of the Pension Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Pension Fund Manager and Pension & Treasury Manager and his/her team.

The advisers to the Fund that provides the day to day and strategic advice to the London Borough of Enfield Pension Fund are also expected to be able to meet the objectives of this Policy, as are all other officers of employers participating in the London Borough of Enfield Pension Fund who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters, and Enfield Council will provide appropriate training for them.
This is considered separately in the London Borough of Enfield Pension Fund Administration Strategy.

CIPFA and TPR Knowledge and Skills Requirements - (CIPFA Knowledge and Skills Framework and Code of Practice)

In January 2010 CIPFA launched technical guidance for Representatives on Pension Policy & Investment Committees and non-executives in the public sector within a knowledge and skills framework. The Framework details the knowledge and skills required by those responsible for pension scheme financial management and decision making.

In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills frameworks in place. This Framework details the knowledge and skills required by Pension Board members to enable them to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The Framework covers eight areas of knowledge and skills identified as the core requirements (which include all those covered in the existing Committee and nonexecutives' framework):
i) Pensions legislation
ii) Public sector pensions governance
iii) Pension accounting and auditing standards
iv) Pensions administration
v) Financial services procurement and relationship management
vi) Investment performance and risk management
vii) Financial markets and products knowledge
viii) Actuarial methods, standards and practice

CIPFA's Code of Practice recommends (amongst other things) that Local Government Pension Scheme administering authorities -

- formally adopt the CIPFA Knowledge and Skills Frameworks (or an alternative training programme)
- ensure that the appropriate policies and procedures are put in place to meet the requirements of the Frameworks (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

The Pensions Act 2004 and the Pension Regulator's Code of Practice

Section 248a of the Pensions Act 2004, as amended by The Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.
These requirements are incorporated and expanded on within the TPR Code of Practice which came into force on 1 April 2015. It is expected that guidance will also be issued by the Local Government Pension Scheme Advisory Board which will explain further how these requirements will relate to LGPS administering authorities.

Application to the London Borough of Enfield Pension Fund

Enfield Council recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills. Accordingly, it fully supports the use of the CIPFA Knowledge and Skills Frameworks, and TPR's Code of Practice. Enfield Council adopts the principles contained in these publications in relation to the London Borough of Enfield Pension Fund, and this Training and Development Policy highlights how the Council will strive to achieve those principles through use of a Training Plan together with regular monitoring and reporting.

The London Borough of Enfield Pension Fund Training and Development Plan

Enfield Council recognises that attaining, and then maintaining, relevant knowledge and skills is a continual process for Pension Policy & Investment Committee members, Pension Board members and senior officers, and that training is a key element of this process. Enfield Council will develop a rolling Training Plan based on the following key elements:

1) Individual Training Needs: A training needs analysis will be developed for the main roles of Pension Policy & Investment Committee members, Pension Board members and senior officers customised appropriately to the key areas in which they should be proficient. Training will be required in relation to each of these areas as part of any induction and on an ongoing refresher basis.

2) Hot Topic Training: The Training Plan will be developed to ensure appropriately timed training is provided in relation to hot topic areas, such as a high risk area or a

specific area where decisions need to be made. This training may be targeted at specific roles.

3) General Awareness: Pension Policy & Investment Committee members, Pension Board members and senior officers are expected to maintain a reasonable knowledge of ongoing developments and current issues, which will allow them to have a good level of general awareness of pension related matters appropriate for their roles and which may not be specific to the London Borough of Enfield Pension Fund.

Each of these training requirements will be focussed on the role of the individual i.e. a Pension Policy & Investment Committee member, a Pension Board member or the specific role of the officer.

The Pension Policy & Investment Committee agrees a training plan on an annual basis at the first meeting of the Municipal Year. The training plan is developed taking into consideration the needs of the Committee, the Board and officers to both enhance existing knowledge and skills and to develop new areas of understanding. This ensures that training is accessible to all Committee and Board members and key officers involved in the management of the Pension Fund.

Training will be delivered through a variety of methods including:

- In-house training days provided by officers and/or external providers
- Training as part of meetings (e.g. Pension Policy & Investment Committee) provided by officers and/or external advisers
- External training events
- Circulation of reading material
- Attendance at seminars and conferences offered by industry-wide
- bodies
- Attendance at meetings and events with the London Borough of Enfield Pension Fund's investment managers and advisors
- Links to on-line training
- Access to the London Borough of Enfield Pension Fund website where useful London Borough of Enfield Pension Fund specific material is available.

In addition London Borough of Enfield Pension Fund officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

Initial Information and Induction Process

On joining the Pension Policy & Investment Committee, the Pension Board or the London Borough of Enfield Pension Fund Management Team, a new member or officer will be provided with the following documentation to assist in providing them with a basic understanding of London Borough of Enfield Pension Fund:

i) The members' guide to the Local Government Pension Scheme (LGPS)
ii) The latest Actuarial Valuation report
iii) The Annual Report and Accounts, which incorporate:

a) The Funding Strategy Statement
b) The Governance Policy and Compliance Statement

c) The Statement of Investment Principles including the London Borough of Enfield Pension Fund's statement of compliance with the LGPS Myners Principles
d) The Communications Policy
e) The Administration Strategy

iv) The administering authority's Discretionary Policies
v) The Training Policy

In addition, an individual training plan will be developed to assist each Pension Policy & Investment Committee member, Pension Board member or officer to achieve, within six months, their identified individual training requirements.

Monitoring Knowledge and Skills

To identify if Pension Policy & Investment Committee members, Pension Board members and senior officers are meeting the objectives of this policy we will:

1) Compare and report on attendance at training based on the following:

i) Individual Training Needs – ensuring refresher training on the key elements takes place for each individual at least once every three years.
ii) Hot Topic Training – attendance by at least 80% of the required Pension Policy & Investment Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focussed at a particular group of Pension Policy & Investment Committee members, Pension Board members or senior officers depending on the subject matter.
iii) General Awareness – each Pension Policy & Investment Committee member, Pension Board member or officer attending at least one day each year of general awareness training or events.
iv) Induction training – ensuring areas of identified individual training are completed within six months.

2) Consider whether the objectives have been met as part of the annual self-assessment carried out each year which is completed by all Pension Policy & Investment Committee members, Pension Board members and senior officers.

The key risks to the delivery of this Policy are outlined below:

i) Changes in Pension Policy & Investment Committee and/or Pension Board membership and/or senior officers' potentially diminishing knowledge and understanding.
ii) Poor attendance and/or a lack of engagement at training and/or formal meetings by Pension Policy & Investment Committee Members, Pension Board Members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
iii) Insufficient resources being available to deliver or arrange the required training.
iv) The quality of advice or training provided not being to an acceptable standard.

The Pension Policy & Investment Committee members, with the assistance of London Borough of Enfield senior officers and Pension Board members will monitor these and other key risks and consider how to respond to them.

Reporting

A report will be presented to the Pension Policy & Investment Committee on an annual basis setting out:

i) The training provided / attended in the previous year at an individual level
ii) Attendance at Pension Policy & Investment Committee and Pension Board meetings
iii) The results of the measurements identified above.

This information will also be included in the London Borough of Enfield Pension Fund's Annual Report and Accounts.

At each Pension Policy & Investment Committee and Pensions Board meeting, members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as a summary of the events attended since the previous meeting.

Costs

All training costs related to this Training and Development Policy are met directly by the London Borough of Enfield Pension Fund.

Approval, Review and Consultation

This Training and Development Policy to be approved and at the London Borough of Enfield Pension Policy & Investment Committee meeting of 21 November 2019. This Training and Development Policy to be adopted by the London Borough of Enfield Pension Board at their next meeting. It will be formally reviewed and updated at least every year or sooner if the training arrangements or other matters included within it worth re-evaluation.

Further Information

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

Bola Tobun
Pension & Treasury Manager
London Borough of Enfield
Civic Centre
Silver Street
London
EN1 3XF
E-mail Bola.Tobun@enfield.gov.uk
Telephone 020 8132 1588

Appendix 1

CIPFA Knowledge and Skills Framework for Members of Pension Committees

Core Areas:
1. Pensions Legislative and Governance Context

General Pensions Framework
A general awareness of the pension's legislative framework in the UK.

Scheme-specific legislation

- An overall understanding of the legislation specific to the scheme and the main features relating to benefits, administration and investment.
- An awareness of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.
- A regularly updated appreciation of the latest changes to the scheme rules.
- Knowledge of the role of the administering authority in relation to LGPS.

Pensions regulators and advisors
An understanding of how the roles and powers of the Pension Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

General constitutional framework

- Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.
- Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

Pensions scheme governance

- An awareness of the LGPS main features.
- Knowledge of the Myners principles and associated CIPFA and Society of Local Authority Chief Executives (SOLACE) guidance.
- A detailed knowledge of the duties and responsibilities of committee members.
- Knowledge of the stakeholders of the pension fund and the nature of their interests.
- Knowledge of consultation, communication and involvement options relevant to the stakeholders.

Pensions Accounting and Standards

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)

1 – Pensions legislation		
A general understanding of the pensions legislative framework in the UK.	1 2 3 4 5	
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	1 2 3 4 5	
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	1 2 3 4 5	
A regularly updated appreciation of the latest changes to the scheme rules.	1 2 3 4 5	
2 – Pensions governance		
Knowledge of the role of the administering authority in relation to the LGPS.	1 2 3 4 5	
An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	1 2 3 4 5	
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	1 2 3 4 5	
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	1 2 3 4 5	
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	1 2 3 4 5	

Resources Department
Enfield Council
Civic Centre, Silver Street
Enfield EN1 3XY

www.enfield.gov.uk

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)

Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.	1 2 3 4 5	
A detailed knowledge of the duties and responsibilities of pension board members.	1 2 3 4 5	
Knowledge of the stakeholders of the pension fund and the nature of their interests.	1 2 3 4 5	
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	1 2 3 4 5	
Knowledge of how pension fund management risk is monitored and managed.	1 2 3 4 5	
An understanding of how conflicts of interest are identified and managed.	1 2 3 4 5	
An understanding of how breaches in law are reported.	1 2 3 4 5	
3 – Pensions administration		
An understanding of best practice in pensions administration eg performance and cost measures.	1 2 3 4 5	
Understanding of the required and adopted scheme policies and procedures relating to: • member data maintenance and record-keeping processes • internal dispute resolution • contributions collection • scheme communication and materials.	1 2 3 4 5	

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)

Knowledge of how discretionary powers operate.	1 2 3 4 5	
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).	1 2 3 4 5	
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	1 2 3 4 5	
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	1 2 3 4 5	
4 – Pensions accounting and auditing standards		
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	1 2 3 4 5	
An understanding of the role of both internal and external audit in the governance and assurance process.	1 2 3 4 5	
An understanding of the role played by third party assurance providers.	1 2 3 4 5	
5 – Pensions services procurement and relationship management		
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	1 2 3 4 5	

Appendix 2 Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requiremen

Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
A general understanding of the main public procurement requirements of UK and EU legislation.		1 2 3 4 5	
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.		1 2 3 4 5	
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.		1 2 3 4 5	
6 – Investment performance and risk management			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.		1 2 3 4 5	
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.		1 2 3 4 5	
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.		1 2 3 4 5	

Procedure for Recording and Reporting Breaches of the Law

1. Introduction

1.1 This document sets out the procedures to be followed by certain persons involved with the Enfield Pension Fund, the Local Government Pension Scheme managed and administered by Enfield Council, in relation to reporting breaches of the law to the Pensions Regulator.

1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

1.3 This Procedure document applies, in the main, to:

- all members of the Enfield Pension Policy & Investment Committee and Board;
- all officers involved in the management of the Pension Fund;
- personnel of the shared service pensions administrator providing day to day administration services to the Fund, and any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Enfield Pension Fund who are responsible for pension matters.

2. Requirements

2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

2.2 ***Pensions Act 2004***

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the pension board of a public service pension scheme;
- a person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme, to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

  (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and

  (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2.3 *The Pension Regulator's Code of Practice*

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice including in the following areas:

- implementing adequate procedures.
- judging whether a breach must be reported.
- submitting a report to The Pensions Regulator.
- whistleblowing protection and confidentiality.

2.4 *Application to the Enfield Pension Fund*

This procedure has been developed to reflect the guidance contained in The Pension Regulator's Code of Practice in relation to the Enfield Pension Fund and this document sets out how the Board will strive to achieve best practice through use of a formal reporting breaches procedure.

3 The Enfield Pension Fund Reporting Breaches Procedure

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Enfield Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

3.1 *Clarification of the law*

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004: www.legislation.gov.uk/ukpga/2004/35/contents
- Employment Rights Act 1996: www.legislation.gov.uk/ukpga/1996/18/contents
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations): www.legislation.gov.uk/uksi/2013/2734/contents/made
- Public Service Pension Schemes Act 2013: www.legislation.gov.uk/ukpga/2013/25/contents
- Local Government Pension Scheme Regulations (various): http://www.lgpsregs.org/timelineregs/Default.html (pre 2014 schemes) http://www.lgpsregs.org/index.php/regs-legislation (2014 scheme)

- The Pensions Regulator's Code of Practice: http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-publicservice-pension-schemes.aspx
  In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Council Monitoring Officer and the Executive Director of Resources, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

3.2 ***Clarification when a breach is suspected***

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, it will usually be appropriate to check with the Council Monitoring Officer and the Executive Director of Resources, a member of the Pension Policy & Investment Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

3.3 ***Determining whether the breach is likely to be of material significance***

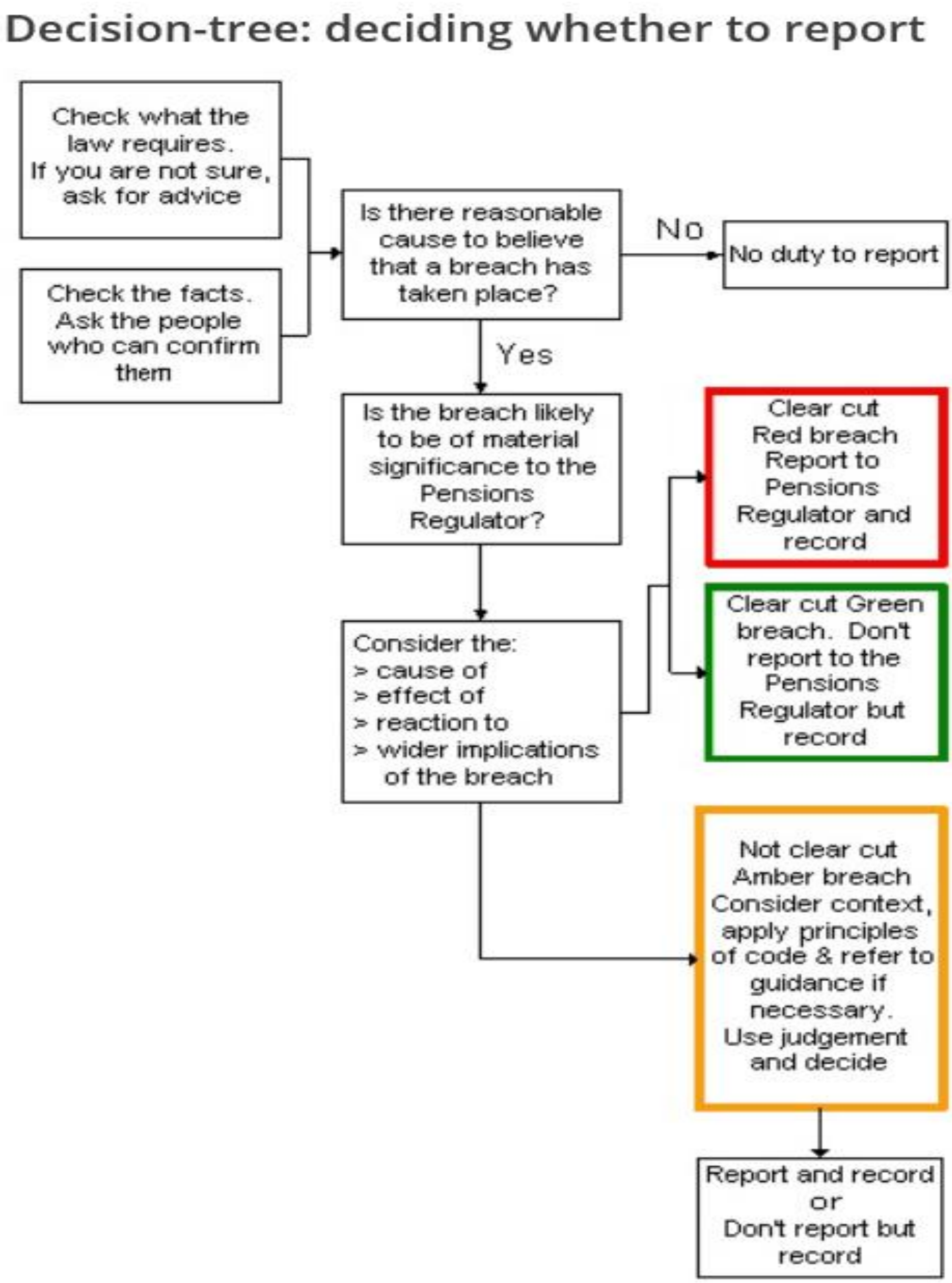
To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

Further details on the above four considerations are provided in Appendix A to this procedure.

The individual should use the traffic light framework described in Appendix B to help assess the material significance of each breach and to formally support and document their decision.

3.4 A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.



3.5 ***Referral to a level of seniority for a decision to be made on whether to report***

Enfield Council has a designated Monitoring Officer to ensure the Council acts and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate. If breaches relate to late or incorrect payment of contributions or pension benefits, the matter should be highlighted to the Council Director of Finance and the Executive Director of Resources, at the earliest opportunity to ensure the matter is resolved as a matter of urgency. Individuals must bear in mind, however, that the involvement of the Monitoring Officer is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The matter should not be referred to any of these officers if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

3.6 ***Dealing with complex cases***

The Council Director of Finance and the Executive Director of Resources may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LG Group - http://www.lgpsregs.org/). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Board meeting.

3.7. ***Timescales for reporting***

The Pensions Act and Pension Regulators Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on “reasonable cause to believe” and on “material significance” should be consistent with the speed implied by ‘as soon as reasonably practicable’. In particular, the time taken should reflect the seriousness of the suspected breach.

3.8 ***Early identification of very serious breaches***

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

3.9 ***Recording all breaches even if they are not reported***

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). Enfield Council will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Council Monitoring Officer and the Executive Director of Resources. Records of unreported breaches should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in the quarterly Monitoring Report at each Pension Committee, and this will also be shared with the Pension Board.

3.10 ***Reporting a breach***

Reports must be submitted in writing via The Pensions Regulator's online system at [www.tpr.gov.uk/exchange,](www.tpr.gov.uk/exchange) or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (Enfield Pension Fund);
- description of breach(es);
- any relevant dates;
- name, position and contact details;
- role in connection to the scheme; and
- employer name or name of scheme manager (the latter is Enfield Council).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator;
- scheme address (provided at the end of this procedures document);
- scheme manager contact details (provided at the end of this procedures document);
- pension scheme registry number (PSR – 10041083); and
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

3.11 ***Confidentiality***

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

3.12 ***Reporting to Pension Policy & Investment Committee and Pensions Board***

A report will be presented to the Pension Policy & Investment Committee and the Pensions Board on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- in relation to each breach, details of what action was taken and the result of any action (where not confidential);
- any future actions for the prevention of the breach in question being repeated; and
- highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). An example of the information to be included in the quarterly reports is provided in Appendix C to this procedure.

3.13 ***Review***

This Reporting Breaches Procedure will be kept under review and updated as considered appropriate by the Executive Director of Resources. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Further Information

If you require further information about reporting breaches or this procedure, please contact:

Bola Tobun - Pensions & Treasury Manager
Email: Bola.Tobun@enfield.gov.uk
Telephone: 020 8379 6879

Enfield Pension Fund
London Borough of Enfield, London EN1 3XF

Designated officer contact details:

1) Director of Finance – Matt Bowmer (Interim)
Email: Matt.Bowmer@enfield.gov.uk

2) Executive Director of Resources – Fay Hammond (Acting)
Email: Fay.Hammond@enfield.gov.uk

3) Monitoring Officer/Director of Law & Governance – Jeremy Chambers
Email: Jeremy.Chambers@enfield.gov.uk

Appendix A

Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen);
- effect of the breach (the consequence(s) of the breach);
- reaction to the breach; and
- wider implications of the breach.

The cause of the breach

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- acting, or failing to act, in deliberate contravention of the law;
- dishonesty;
- incomplete or inaccurate advice;
- poor administration, i.e. failure to implement adequate administration procedures;
- poor governance; or
- slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

The effect of the breach

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.

- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

The reaction to the breach

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- are not pursuing corrective action to a proper conclusion; or
- fail to notify affected scheme members where it would have been appropriate to do so.

The wider implications of the breach

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

Appendix B

Traffic light framework for deciding whether or not to report

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:

RED

This where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.

These must be reported to The Pensions Regulator.
Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.

AMBER

This where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.

GREEN

This where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

Example: A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together.
Some useful examples of this is framework is provided by The Pensions Regulator at the following link:
http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx

Appendix C

Enfield Pension Fund - Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

*New breaches since the previous meeting should be highlighted

CONFLICTS OF INTEREST POLICY

Introduction

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of the Enfield Pension Fund, which is managed by London Borough of Enfield. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Enfield Pension Fund whether directly or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pension Policy & Investment Committee members, Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct, it aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

In relation to the governance of the Fund, the Administering Authority's objectives are to:

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies
- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to stakeholders for all decisions, ensuring they are robust and well based
- **Understand and monitor risk**

- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Clearly articulate its objectives and how it intends to achieve those objectives through business planning, and continually measure and monitor success

The identification and management of potential and actual conflicts of interest is integral to the Administering Authority achieving its governance objectives.

To whom this Policy Applies

This Conflicts of Interest Policy applies to all members of the Pension Policy & Investment Committee and the Pension Board, including scheme member and employer representatives, whether voting members or not. It applies to all managers in the management of London Borough of Enfield Pension Fund, the Chief Finance Officer (Section 151 Officer), Executive Directors, Directors and the Service Heads (from here on in collectively referred to as the senior officers of the Fund).

The Pension Manager/Pension Investment & Treasury Manager will monitor potential conflicts for less senior officers involved in the daily management of the Pension Fund and highlight this Policy to them as he/she considers appropriate.

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

The Policy also applies to all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Policy & Investment Committee or Fund officers.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and AVC providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with the Administering Authority on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Legislative and related context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013
Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a Pension Board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires Pension Board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest as "a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme)."

Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue (see below).

The Local Government Pension Scheme Regulations 2013
Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each Administering Authority to satisfy itself that Pension Board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

Regulation 109 states that each Administering Authority must have regard to guidance issued by the Secretary of State in relation to Pension Boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to Administering Authorities and Pension Boards. At the point of writing this Policy, the shadow LGPS national scheme advisory board has issued guidance relating to the creation of Pension Boards including a section on conflicts of interest. It is expected that this guidance will be adopted by the scheme advisory board when it is created by statute and possibly also by the Secretary of State. This Conflicts of Interest Policy has been developed having regard to that guidance.

The Pensions Act 2004
The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.
Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator

has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

Local Government Act 2000

All members and co-opted members of the Enfield Pension Policy & Investment Committee are required by the Local Government Act 2000 to abide by Enfield's Members' Code of Conduct. Part 3 of that Code contains provisions relating to personal interests, personal and prejudicial interests, their disclosure and limitations on members' participation where they have any such interest.

The Public Services Ombudsman for Wales' Ten Guiding Principles

The Local Government Act 2000 empowered the National Assembly to issue principles to which local authority elected members must have regard in undertaking their role as a member. These principles draw on the 7 Principles of Public Life which were set out in the Nolan Report "Standards of Conduct in Local Government in England, Scotland and Wales". Three more were added to these; a duty to uphold the law, proper stewardship of the Council's resources and equality and respect for others.

The current principles were set out in a statutory instrument and are detailed below. Many of the principles are integral to the successful implementation of this Policy.

CODE OF CONDUCT & CONFLICT OF INTEREST POLICY

1. **Code of conduct**

1.1 As members of a publicly funded body with a responsibility to discharge public business, members of the Enfield Pension Board should have the highest standards of conduct.

1.2 Pension Board members should have regard to the Seven Principles of Public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

1.3 All Enfield Pension Board members must:

- Act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.

- Not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

- Make all choices on merit and must be impartial and seen to be impartial, when carrying out your public duties.

- Co-operate fully with whatever scrutiny is appropriate to your role.

- Not, without proper authority, reveal any confidential and sensitive information that is provided to you, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation.

- Ensure when using or authorising the use by others of the resources of the authority that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

- Promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

- Sign the Conflict of Interest Declaration and declare any further potential conflicts of interest that may arise once appointed as a member.

- Comply with the Enfield Pension Fund Code in addition to all other existing Codes of Conduct or Protocols (e.g. The Member Code of Conduct).

2. Conflict of interest

2.1 The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

2.2 A conflict of interest exists where a decision on a matter might reasonably be regarded as affecting (to a greater extent than other persons who may be affected by the decision) the well-being or financial position of the Councillor, a relative or a friend or

- the employment or business carried out by those persons, or in

which they might be investors (above a certain level),
- any of the bodies with which the decision maker is associated, and which decision maker will have registered in the appropriate register of interests.

It does not need to be shown that a conflict of interest actually exists. It is sufficient if it appears to a fair and informed observer that there was a real possibility of conflict.

2.3 Examples of potential conflicts of interest, not only for the Board but also for all those involved in managing the Pension Fund, are listed at appendix A.

2.4 All prospective Pension Board members are required to complete the Enfield Pension Fund Conflict of interest declaration before they are appointed to the Pension Board, attached at appendix B.

2.5 All appointments to the Pension Board should be kept under review by the Executive Director, Resources.

2.5 It is the duty of any appointed Pension Board member to declare any potential conflict of interest. This declaration should be made to the Chair of the Pension Board in the first instance or to the Scheme Manager and recorded in a register of interests.

2.7 The Pension Board shall identify and monitor any potential conflict of interests in a register of interests (attached at appendix C). The register of interests should be circulated to the Enfield Pension Board and Scheme Manager for review and publication.

2.8 If the Pension Board suspects any conflict of interest it should report its concerns to the Scheme Manager.

2.9 When seeking to prevent a potential conflict of interest becoming detrimental to the conduct and decisions of the Pension Board, the Enfield Pension Board must consider obtaining legal advice when assessing its course of action and response. The Enfield Pension Board should consult the Monitoring Officer or the Service Head, Legal Services in the first instance.

2.10 Education on identifying and dealing with conflicts of interest will be included as part of the training requirement in the Knowledge and Understanding policy.

3. Operational procedure for officers, Pension Policy & Investment Committee members and Pension Board members

3.1 The following procedures must be followed by all individuals to whom this policy applies.

What is required	How this will be done
Step 1 - Initial identification of interests which do or could give rise to a conflict	On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest the same or similar to that included in Appendix B. This is in addition to the requirement to register disclosable pecuniary interests and other registerable interests. The information contained in these declarations will be collated into the Pension Fund Register of conflicts of interest in a format the same or similar to that included in Appendix C.
Step 2 - Ongoing notification and management of potential or actual conflicts of interest	At the commencement of any Pension Policy & Investment Committee, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any new potential conflicts. These will be recorded in the Fund's Register of conflicts of interest. In addition, the latest version of the Register will be made available by the Governance Officer to the Chairman of every meeting prior to that meeting. At the start of the Pension Policy & Investment Committee meetings there will also, be an agenda item for Members to declare any interests under the Members' Code in relation to any items on that agenda. Any individual, who considers that they or another individual has a potential or actual conflict of interest, as defined by this Policy, which relates to an item of business at a meeting, must advise the Chairman and the Governance Officer prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Officers, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter. If such a conflict is identified outside of a meeting the notification must be made to the Governance Officer and where it relates to the business of any meeting, also to the Chairman of that meeting. The Officers, in consultation with the Chairman where relevant, will consider any necessary action to manage the potential or actual conflict. Where information relating to any potential or actual conflict has been provided, the Pensions & Treasury Manager may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on to how to address any identified conflicts. Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.

What is required	How this will be done
Step 3 - Periodic review of potential and actual conflicts	At least once every 12 months, the Officers will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will complete a new Declaration of Interest (see Appendix B) confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration. Following this exercise, the updated Register will then be circulated by the Officers to all individuals to whom it relates.

4. Operational procedure for advisers

4.1 All of the key advisers are expected to have their own policies on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with London Borough of Enfield.

4.2 Although this Policy applies to all advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated
- adhere to the principles of this Policy
- provide, on request, information to the Pensions & Treasury Manager in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to London Borough of Enfield
- notify the Pensions & Treasury Manager immediately should a potential or actual conflict of interest arise.

4.3 All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

4.4 London Borough of Enfield will encourage a culture of openness and transparency and will encourage individuals to be vigilant, have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

4.5 London Borough of Enfield will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance were an actual conflict of interest to materialise.

4.6 Ways in which conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Policy & Investment Committee meeting)
- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)

4.7 Provided that the Administering Authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, London Borough of Enfield shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Committee, Board or appointment.

4.8 *Minor Gifts*
For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items (subject to a notional maximum value of £10 per item and an overall maximum value of £20 from an individual company per event) obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event do not need to be declared. Pension Policy & Investment Committee members should, however, be aware that they may be subject to lower limits and a separate notification procedure in the London Borough of Enfield Members' Code of Conduct.

5. Monitoring and Reporting

5.1 The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request by the Governance Officer for the Fund. In addition, it will be published in the annual report and accounts

5.2 In order to identify whether the objectives of this Policy are being met the Administering Authority will:

- Review the Register of conflicts of interest on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity
- Provide its findings to the Administering Authority's Independent Adviser and ask him or her to include comment on the management of conflicts of interest in his

or her annual report on the governance of the Fund each year.

6. Key Risks

6.1 The key risks to the delivery of this Policy are outlined below. All of these could result in an actual conflict of interest arising and not being properly managed. The Pension & Treasury Manager will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

7. Costs

7.1 All costs related to the operation and implementation of this Policy will be met directly by Enfield Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

8. Approval, Review and Consultation

8.1 This Conflicts of Interest Policy is to be approved using delegated responsibilities on 27 February 2020. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

Further Information

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

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

Appendix A

Examples of Potential Conflicts of Interest

a) An elected member on the Pension Policy & Investment Committee is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.

b) A member of the Pension Policy & Investment Committee is on the board of a Fund Manager that the Committee is considering appointing.

c) An officer of the Fund or member of the Pension Policy & Investment Committee accepts a dinner invitation from a Fund Manager who has submitted a bid as part of a tender process.

d) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.

e) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.

f) An officer of the Fund is asked to provide guidance to the Local Pension Board on the background to an item considered at the Pension Policy & Investment Committee. This could be a potential conflict as the officer could consciously or sub-consciously avoid providing full details, resulting in the Board not having full information and not being able to provide a complete view on the appropriateness or otherwise of that Pension Policy & Investment Committee item.

g) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Executive Director of Finance and Public Protection, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Policy & Investment Committee, which, if agreed, would result in a material reduction in the recharges to the Council from the Fund.

h) Officers of the Fund are asked to provide a report to the Pension Board or Pension Policy & Investment Committee on whether the administration services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for the officers.

i) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.

j) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, delegated consulting of fund monies or providing assistance with monitoring the covenant of employers.

k) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pension Policy & Investment Committee or Local Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Board.

Appendix B

Declaration of Interests relating to the management of Enfield Pension Fund administered by London Borough of Enfield

I, [insert full name] am:

Tick as appropriate

- an officer involved in the management ☐
- Pension Policy & Investment Committee Member ☐
- Pension Board Member ☐

of Enfield Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under Enfield Pension Fund Conflicts of Interest Policy. I have put "none" where I have no such interests under any heading.

Responsibilities or other interests that could result in a conflict of interest (please list and continue overleaf if necessary):

A) Relating to me

B) Relating to family members or close colleagues

Undertaking:

I declare that I understand my responsibilities under the Enfield Pension Fund Conflicts of Interest Policy. I undertake to notify the Pension & Treasury Manager of any changes in the information set out above.

Signed:

Date:

Name:

(CAPITAL LETTERS)

Appendix C

Enfield Pension Fund - Register of Potential and Actual Conflicts of Interest

All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by London Borough of Enfield, the Administering Authority.

Date Identified	Name of Person	Role of Person	Details of conflict	Actual or potential conflict	How notified (1)	Action taken (2)	Follow up required	Date resolved

(1) E.g. verbal declaration at meeting, written conflicts declaration, etc.
(2) E.g. withdrawing from a decision making process, left meeting

Section 4 - Glossary

Actuary	A person who analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.
Admitted bodies	These are employers who have been allowed into the Fund at the Council's discretion.
Alternative investments (Other Pooled Funds)	These are less traditional investments where risks can be greater but potential returns higher over the long term, for example investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.
AVCs	Additional voluntary contributions are paid by a contributor who decides to supplement his or her pension by paying extra contributions to the Fund's AVC provider (Prudential).
Bulk transfer	A transfer of a group of members agreed by, and taking place between, two pension schemes.
Commutation	The conversion of an annual pension entitlement into a lump sum on retirement.
Contingent liability	A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain.
Custodian	A bank that looks after the Fund's investments, implements investment transactions as instructed by the Fund's managers and provides reporting, performance and administrative services to the Fund.
Cross subsidies	Amounts of money by which organisations subsidise each other.
Discretionary	Allowable but not compulsory under law.
Dividends	Income to the Fund on its holdings of UK and overseas equities.
Emerging markets	The financial markets of developing economies.
Equities	Shares in UK and overseas companies.
FTSE	Financial Times – publishers of the FTSE-100, and other indices.
Gilt-edged securities (or Gilts)	Fixed-interest stocks issued by the UK Government.
Hedge fund	A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.
Index	A measure of the value of a stock market based on a representative sample of stocks.

LGPS	The Local Government Pension Scheme is a nationwide scheme for employees working in local government or working for other employers participating in the scheme and for some councillors.
LIBOR	London Inter Bank Offer Rate – the interest rate that banks charge each other in the short-term international money market. It is often used as a benchmark to set other interest rates or to measure returns on investments.
Mandatory	Compulsory by force of law.
Myners	Paul Myners, author of the Myners Report into institutional investment in the UK, published in March 2001.
Private equity	Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (ie, not easily turned into cash) and higher-risk investments that should provide high returns over the long term.
Projected unit actuarial method	One of the common methods used by actuaries to calculate a contribution rate to the Scheme, which is usually expressed as a percentage of the members' pensionable pay.
Recovery period	Timescale allowed (up to a maximum of 40 years) over which surpluses or deficiencies to the Fund can be eliminated.
Rolling three-year periods	Successive periods of three years, such as years one to three, followed by years two to four. Performance is often measured over longer periods than a single year to eliminate the short-term effects of volatile changes in stock markets.
Scheduled bodies	These are organisations that have a right to be in the Fund.
Transfer value	A cash sum representing the value of a member's pension rights.
With profits	With-profits funds are investments that give a return in the form of annual bonuses and usually a final or terminal bonus.
Yield	Annual income on an investment divided by its price and expressed as a percentage.

Section 5:

Independent Auditor’s Report to the members of London Borough of Enfield Pension Fund

Independent auditor’s report to the members of the London Borough of Enfield on the pension fund financial statements

Local Authority Fund Statistics

2021/22

UNIVERSE OVERVIEW

	1 Year	3 Yrs (% p.a.)	5 Yrs (% p.a.)	10 Yrs (% p.a.)	20 Yrs (% p.a.)	30 Yrs (% p.a.)
Universe average	**8.6**	**8.3**	***7.1***	***8.9***	***7.3***	***8.5***
Range of Results						
Top Quartile	10.0	9.3	7.7	9.2	7.5	8.7
Median	8.0	8.6	7.0	8.8	7.1	8.4
Bottom Quartile	6.0	7.6	6.5	8.3	6.9	8.2
Total Equity	**7.6**	**10.2**	**8.4**	**10.6**	**8.0**	**9.2**
Global	8.4	11.5	9.6	11.7	6.4	
UK	9.6	5.6	4.7	7.4	6.2	
Emerging	-9.6	4.1	4.5	6.3	8.4	
Total Bonds	**-0.3**	**2.6**	**2.5**	**4.5**	**5.7**	**6.9**
UK Govt	-4.2	-0.9	0.7			
UK Corp	-3.5	2.5	2.7			
UK IL	4.5	2.6	2.7			
Global Bonds	-2.8	1.4	1.7			
Absolute Return Bonds	-0.5	2.5	2.3			
Private Debt	7.3					
Multi Asset Credit	-0.5	1.9				
Alternatives	**19.0**	**11.0**	**9.8**	**10.0**	**7.6**	
Private Equity	34.5	19.5	16.5	14.7	8.8	
Infrastructure	10.7	5.7	6.9			
Hedge Funds	5.4	4.9	3.2			
Private Debt	8.4					
Diversified Growth	**4.7**	**5.1**	**3.5**			
Property	**17.9**	**6.3**	**6.8**	**8.0**	**7.0**	**8.2**

At the end of March 2022 the Universe was comprised of 63 funds with a combined value of £250 bn.
GMPF Designated Fund is included in the Universe but excluded from the League tables.

TOTAL FUND PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**8.6**		**8.3**		**7.1**		**8.9**		**7.3**		**8.5**	
Range of Results												
Upper Quartile	10.0		9.3		7.7		9.2		7.5		8.7	
Median	8.0		8.6		7.0		8.8		7.1		8.4	
Lower Quartile	6.0		7.6		6.5		8.3		6.9		8.2	
Avon Pension Fund	10.0	*25*	6.4	*95*	5.8	*95*	7.7	*90*	6.7	*89*	8.1	*86*
Barking and Dagenham	5.1	*82*	8.8	*36*	7.4	*36*	8.3	*75*	6.2	*95*	8.2	*80*
Barnet Pension Fund	7.4	*57*	8.9	*35*	7.1	*48*	7.5	*95*	6.6	*91*	7.8	*96*
Berkshire Pension Fund	12.5	*5*	8.0	*69*	7.0	*51*	7.7	*88*				
Bexley Pension Fund	8.4	*46*	8.4	*56*	7.3	*38*	9.6	*14*	7.8	*13*	9.0	*6*
Brent Pension Fund	8.2	*48*	8.2	*61*	6.6	*74*	8.2	*78*	5.4	*100*	7.3	*100*
Bromley Pension Fund	0.7	*97*	9.5	*16*	8.6	*3*	11.1	*2*	9.0	*1*	9.5	*1*
Cambridgeshire Pension Fund	9.9	*26*	9.9	*10*	8.0	*15*	9.5	*17*	7.2	*46*	8.4	*56*
Camden Pension Fund	7.0	*61*	9.4	*23*	7.4	*30*	8.1	*80*	6.9	*74*	8.4	*52*
Cardiff & Glamorgan Pension Fund	7.3	*59*	7.3	*80*	6.0	*87*	8.5	*68*	7.1	*56*	8.2	*76*
City of London Corporation Pension Fu	6.3	*67*	9.2	*30*	7.2	*43*	8.9	*46*	7.0	*63*		
Cornwall Pension Fund	6.1	*74*	6.4	*97*	5.9	*94*	6.6	*100*				
Cumbria Pension Fund	9.7	*31*	7.9	*71*	6.9	*61*	9.1	*34*	7.4	*35*	8.6	*26*
Devon Pension Fund	7.7	*56*	7.6	*77*	6.5	*76*	7.6	*92*	6.8	*80*	8.1	*88*
Dyfed Pension Fund	6.2	*69*	8.2	*64*	7.1	*44*	9.4	*20*	7.9	*6*	9.0	*8*
Ealing Pension Fund	5.5	*79*	6.8	*87*	6.1	*85*	8.3	*76*	7.0	*65*	8.6	*32*
East Riding Pension Fund	9.0	*41*	6.8	*87*	6.2	*84*	8.4	*71*	7.3	*45*	8.4	*58*
East Sussex Pension Fund	10.6	*15*	8.9	*33*	7.2	*41*	9.1	*34*	7.4	*30*	8.7	*22*
Enfield Pension Fund	9.1	*39*	8.6	*48*	7.0	*53*	8.5	*66*	7.1	*56*	8.6	*36*
Flintshire (Clywd)	13.3	*2*	9.9	*8*	7.8	*23*	8.5	*66*	6.9	*72*	8.2	*78*

TOTAL FUND PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**8.6**		**8.3**		**7.1**		**8.9**		**7.3**		**8.5**	
Range of Results												
Upper Quartile	10.0		9.3		7.7		9.2		7.5		8.7	
Median	8.0		8.6		7.0		8.8		7.1		8.4	
Lower Quartile	6.0		7.6		6.5		8.3		6.9		8.2	
Gloucestershire Pension Fund	6.9	*64*	8.3	*57*	6.9	*56*	8.9	*42*	7.1	*59*	8.4	*56*
Greater Manchester Pension Fund	11.1	*10*	8.2	*59*	6.9	*61*	8.9	*44*	7.6	*20*	9.0	*8*
Greenwich Pension Fund	3.7	*89*	6.5	*94*	5.4	*98*	7.5	*97*	6.1	*98*		
Gwynedd Pension Fund	10.0	*23*	10.0	*7*	8.1	*10*	9.4	*19*	7.3	*37*	8.5	*42*
Hackney Pension Fund	6.1	*74*	8.5	*53*	7.1	*46*	8.0	*85*	6.8	*82*	8.2	*70*
Hammersmith and Fulham	9.8	*30*	9.4	*25*	6.9	*57*	8.9	*48*	7.7	*15*	8.4	*52*
Haringey Pension Fund	11.1	*10*	9.7	*12*	7.8	*21*	9.9	*7*	7.2	*48*	8.3	*64*
Harrow Pension Fund	5.7	*77*	6.6	*90*	6.0	*92*	8.5	*63*	7.0	*70*	8.4	*46*
Havering Pension Fund	4.6	*85*	8.8	*41*	6.9	*66*	8.5	*70*	6.5	*93*	8.2	*68*
Hillingdon Pension Fund	9.2	*38*	6.3	*98*	5.4	*98*	7.6	*93*				
Hounslow Pension Fund	6.2	*71*	7.0	*84*	6.4	*82*	7.9	*87*	7.4	*32*	8.5	*40*
Isle of Wight Pension Fund	6.9	*62*	7.6	*74*	6.4	*80*	9.1	*29*	7.7	*19*	8.8	*14*
Islington Pension Fund	8.6	*43*	9.4	*21*	7.8	*20*	8.7	*58*	6.8	*85*	8.3	*62*
Kensington and Chelsea	11.8	*7*	12.3	*1*	10.3	*1*	12.0	*1*	8.8	*2*		
Kent Pension Fund	2.6	*94*	7.5	*79*	6.9	*66*	9.0	*41*	7.3	*45*	8.3	*62*
Kingston upon Thames	7.7	*54*	10.3	*3*	8.0	*13*	9.8	*12*	7.5	*26*	8.4	*48*
Lambeth Pension Fund	2.1	*95*	8.8	*41*	6.7	*72*						
Lancashire Pension Fund	12.8	*3*	8.6	*46*	8.4	*7*	9.9	*9*	7.7	*17*	8.7	*18*
Lewisham Pension Fund	9.4	*36*	8.4	*54*	7.1	*49*	9.1	*31*	6.8	*85*	8.4	*44*
Lincolnshire Pension Fund	10.7	*12*	8.8	*38*	7.5	*28*	8.7	*56*	6.7	*87*	8.3	*66*

TOTAL FUND PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**8.6**		**8.3**		**7.1**		**8.9**		**7.3**		**8.5**	
Range of Results												
Upper Quartile	10.0		9.3		7.7		9.2		7.5		8.7	
Median	8.0		8.6		7.0		8.8		7.1		8.4	
Lower Quartile	6.0		7.6		6.5		8.3		6.9		8.2	
London Pension Fund Authority	13.5	*1*	9.6	*13*	7.8	*20*	8.0	*81*				
Merseyside Pension Fund	10.4	*16*	7.6	*76*	6.4	*79*	8.6	*61*	7.3	*41*	8.6	*32*
Merton Pension Fund	4.5	*87*	9.2	*31*	7.4	*36*	8.7	*53*	7.4	*33*	8.6	*32*
Newham Pension Fund	9.5	*35*	6.5	*94*	6.1	*89*	9.0	*39*	7.0	*69*	7.9	*94*
Northamptonshire Pension Fund	8.2	*49*	9.6	*15*	7.7	*25*	9.3	*24*	7.1	*50*	8.5	*40*
Oxfordshire Pension Fund	10.3	*20*	8.7	*44*	7.4	*33*	9.1	*27*	7.0	*67*	8.2	*72*
Powys Pension Fund	8.6	*44*	8.2	*66*	6.8	*67*	8.7	*54*	7.1	*52*	7.9	*94*
Redbridge Pension Fund	4.9	*84*	8.0	*67*	6.8	*69*	8.0	*83*	6.8	*78*	8.2	*82*
Rhondda Cynon Taf Pension Fund	0.5	*100*	9.4	*18*	8.7	*2*	10.4	*3*	8.0	*4*	8.8	*16*
South Yorkshire Pension Authority	9.6	*33*	8.6	*49*	7.2	*39*	9.1	*26*	7.8	*11*	8.7	*24*
Southwark Pension Fund	10.4	*18*	10.1	*5*	8.6	*5*	10.1	*5*	7.8	*8*	9.0	*8*
Strathclyde Pension Fund	7.8	*53*	9.2	*28*	7.9	*16*	9.8	*10*	7.8	*11*	8.9	*10*
Suffolk Pension Fund	10.1	*21*	8.2	*64*	6.9	*62*	8.8	*51*	7.1	*59*		
Surrey Pension Fund	6.7	*66*	6.7	*89*	6.0	*90*	8.3	*73*	6.9	*76*	8.0	*90*
Sutton Pension Fund	7.9	*51*	9.4	*21*	7.5	*26*						
Swansea Pension Fund	10.7	*13*	11.0	*2*	8.3	*8*	9.3	*22*	7.6	*24*	8.6	*34*
Torfaen (Gwent)Pension Fund	6.0	*76*	8.7	*43*	6.9	*56*	8.8	*49*	7.3	*39*	8.1	*84*
Tower Hamlets Pension Fund	3.1	*92*	9.3	*26*	8.0	*12*	9.1	*36*	7.0	*63*	8.2	*74*
Waltham Forest Pension Fund	0.5	*98*	3.7	*100*	4.4	*100*	6.7	*98*	6.2	*96*	7.7	*98*
West Yorkshire Pension Fund	9.9	*28*	7.7	*72*	6.7	*71*	8.6	*61*	7.5	*28*	8.7	*20*

TOTAL FUND PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**8.6**		**8.3**		**7.1**		**8.9**		**7.3**		**8.5**	
Range of Results												
Upper Quartile	10.0		9.3		7.7		9.2		7.5		8.7	
Median	8.0		8.6		7.0		8.8		7.1		8.4	
Lower Quartile	6.0		7.6		6.5		8.3		6.9		8.2	
Westminster Pension Fund	3.6	*90*	8.5	*51*	7.4	*33*	9.6	*15*				
Wandsworth & Richmond Fund	5.3	*80*	7.1	*82*	6.5	*77*	9.0	*39*	7.6	*24*	8.8	*14*

EQUITY PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**7.6**		**10.2**		**8.4**		**10.6**		**8.0**		**9.2**	
Range of Results												
Top Quartile	10.2		12.1		9.9		11.7		8.4		9.6	
Median	8.2		11.1		8.9		10.7		7.9		9.2	
Bottom Quartile	5.5		9.4		8.1		10.0		7.7		8.9	
Avon Pension Fund	8.5	*46*	11.1	*51*	8.8	*54*	10.8	50	8.0	*42*	9	*66*
Barking and Dagenham	3.5	*87*	11.7	*41*	10.1	*17*	12.2	13	7.9	*48*	9.7	*11*
Barnet Pension Fund	8.2	*56*	12.1	*26*	9.4	*41*	11.2	37	8.7	*12*	9.6	*26*
Berkshire Pension Fund	11.2	*12*										
Bexley Pension Fund	9.7	*31*	11.9	*32*	10.1	*15*	12.3	11	9.1	*6*	10.4	*2*
Brent Pension Fund	12.4	*5*	12.2	*22*	9.6	*36*	10.9	48	6.8	*100*	8.2	*100*
Bromley Pension Fund	0.1	*97*	13.2	*10*	11.7	*2*	14.0	2	10.4	*1*	10.6	*1*
Cambridgeshire Pension Fund	11.0	*16*	12.2	*20*	9.3	*44*	11.3	32	7.9	*58*	9.1	*60*
Camden Pension Fund	5.0	*77*	10.6	*61*	8.4	*66*	9.8	83	7.8	*68*	9.3	*36*
Cardiff & Glamorgan Pension Fund	8.2	*51*	8.5	*92*	6.6	*97*	9.7	87	7.7	*80*	8.8	*83*
City of London Corporation Pension Fu	5.7	*72*	11.2	*49*	8.9	*51*	11.0	43	8.3	*34*		
Cornwall Pension Fund	4.3	*82*	10.8	*56*	8.7	*59*	11.1	41				
Cumbria Pension Fund	9.5	*33*	11.7	*37*	9.9	*24*	11.7	26	8.4	*26*	9.6	*26*
Devon Pension Fund	8.3	*49*	9.1	*85*	7.4	*87*	9.3	96	7.3	*92*	8.7	*89*
Dyfed Pension Fund	5.5	*76*	9.4	*76*	7.5	*85*	10.4	61	7.9	*52*	9.3	*38*
Ealing Pension Fund	7.7	*57*	10.0	*68*	8.3	*68*	10.0	76	7.9	*60*	9.6	*19*
East Riding Pension Fund	9.4	*35*	7.5	*97*	6.7	*95*	9.6	89	8.0	*46*	9.0	*68*
East Sussex Pension Fund	9.2	*36*	7.2	*98*	6.5	*98*	10.1	70	7.8	*72*	9.0	*64*
Enfield Pension Fund	8.5	*43*	12.8	*17*	10.8	*10*	12.5	9	8.7	*10*	10.0	*6*
Flintshire (Clywd)	3.3	*89*	9.5	*73*	8.1	*73*	9.8	82	7.5	*84*	8.6	*94*

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**7.6**		**10.2**		**8.4**		**10.6**		**8.0**		**9.2**	
Range of Results												
Top Quartile	10.2		12.1		9.9		11.7		8.4		9.6	
Median	8.2		11.1		8.9		10.7		7.9		9.2	
Bottom Quartile	5.5		9.4		8.1		10.0		7.7		8.9	
Gloucestershire Pension Fund	7.4	62	10.4	63	8.6	61	10.6	56	7.7	74	9.1	51
Greater Manchester Pension Fund	11.3	10	9.4	78	7.5	83	10.2	65	7.9	52	9.6	26
Greenwich Pension Fund	7.6	61	10.2	66	8.1	76	9.7	85	7.1	98		
Gwynedd Pension Fund	9.8	30	11.4	42	8.8	58	10.7	54	7.8	66	9.0	62
Hackney Pension Fund	5.7	74	11.0	53	8.8	58	9.8	82	7.5	86	8.9	77
Hammersmith and Fulham	14.1	1	12.8	19	9.7	31	12.2	15	9.8	2	10.2	4
Haringey Pension Fund	10.4	21	12.8	14	9.8	27	11.4	28	7.7	80	8.8	87
Harrow Pension Fund	8.9	39	9.6	71	8.1	73	10.7	54	7.8	72	9.2	47
Havering Pension Fund	0.0	98	11.9	36	10.5	12	10.0	74	7.1	96	8.9	81
Hillingdon Pension Fund	8.9	38	7.0	100	5.9	100	8.5	100				
Hounslow Pension Fund	8.8	41	9.2	83	8.1	75	9.4	93	8.3	30	9.2	45
Isle of Wight Pension Fund	8.3	48	9.9	70	8.0	78	11.3	32	8.6	18	9.5	28
Islington Pension Fund	10.2	26	10.8	58	8.9	49	10.1	69	7.1	94	8.7	92
Kensington and Chelsea	10.8	18	13.7	3	11.7	1	14.4	1				
Kent Pension Fund	0.7	92	10.2	65	8.6	63	10.4	59	7.8	62	8.8	85
Kingston upon Thames	10.3	23	13.9	1	10.8	9	12.8	6	8.8	8	9.5	30
Lambeth Pension Fund	-1.4	100	13.8	2	10.8	7						
Lancashire Pension Fund	11.2	13	10.9	54	10.0	22	12.5	9	8.7	14	9.6	19
Lewisham Pension Fund	13.5	2	12.1	24	9.8	27	11.0	45	7.3	90	8.9	72
Lincolnshire Pension Fund	10.2	26	11.2	48	9.3	46	11.0	46	7.6	82	8.9	75

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**7.6**		**10.2**		**8.4**		**10.6**		**8.0**		**9.2**	
Range of Results												
Top Quartile	10.2		12.1		9.9		11.7		8.4		9.6	
Median	8.2		11.1		8.9		10.7		7.9		9.2	
Bottom Quartile	5.5		9.4		8.1		10.0		7.7		8.9	
London Pension Fund Authority	12.8	*3*										
Merseyside Pension Fund	6.7	*69*	9.0	*88*	6.9	*90*	9.5	91	7.3	*90*	8.5	*98*
Merton Pension Fund	3.7	*85*	12.0	*31*	9.6	*32*	10.3	63	7.9	*56*	9.2	*45*
Newham Pension Fund	10.6	*20*	9.3	*80*	8.5	*65*	11.7	24	8.5	*20*	9.4	*32*
Northamptonshire Pension Fund	6.7	*67*	13.1	*12*	10.0	*19*	11.8	22	8.3	*32*	9.6	*13*
Oxfordshire Pension Fund	8.5	*44*	9.2	*81*	7.8	*81*	9.9	78				
Powys Pension Fund	7.7	*59*	13.3	*9*	10.2	*14*	11.9	20	8.2	*36*	8.5	*96*
Redbridge Pension Fund	4.7	*80*	11.7	*39*	9.8	*29*	10.5	58	7.7	*76*	8.9	*79*
Rhondda Cynon Taf Pension Fund	0.4	*95*	12.8	*15*	11.2	*3*	12.9	4	9.2	*4*	9.8	*9*
South Yorkshire Pension Authority	8.2	*54*	9.5	*75*	8.0	*80*	10.1	72	8.1	*38*	9.1	*55*
Southwark Pension Fund	11.0	*15*	12.0	*27*	9.6	*37*	12.0	17	8.5	*22*	9.3	*36*
Strathclyde Pension Fund	4.8	*79*	11.3	*46*	9.3	*44*	11.2	35	8.7	*16*	9.6	*15*
Suffolk Pension Fund	12.2	*7*	11.3	*44*	9.5	*39*	11.3	33	8.0	*44*		
Surrey Pension Fund	6.7	*64*	8.1	*93*	6.8	*93*	10.2	67	8.0	*42*	9.0	*70*
Sutton Pension Fund	6.3	*71*	11.9	*34*	9.6	*34*						
Swansea Pension Fund	11.8	*8*	13.4	*7*	10.0	*22*	11.2	39	8.4	*24*	9.3	*41*
Torfaen (Gwent)Pension Fund	8.2	*53*	12.0	*29*	9.0	*48*						
Tower Hamlets Pension Fund	2.2	*90*	13.6	*5*	11.0	*5*	11.9	20	8.4	*28*	9.2	*49*
Waltham Forest Pension Fund	0.7	*94*	7.7	*95*	6.9	*92*	9.1	98	7.9	*54*	9.1	*53*
West Yorkshire Pension Fund	9.8	*28*	9.0	*88*	7.4	*88*	9.4	95	7.8	*64*	9.1	*60*

EQUITY PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**7.6**		**10.2**		**8.4**		**10.6**		**8.0**		**9.2**	
Range of Results												
Top Quartile	10.2		12.1		9.9		11.7		8.4		9.6	
Median	8.2		11.1		8.9		10.7		7.9		9.2	
Bottom Quartile	5.5		9.4		8.1		10.0		7.7		8.9	
Westminster Pension Fund	4.0	*84*	10.8	*59*	8.8	*53*						
Wandsworth & Richmond Fund	6.7	*66*	8.7	*90*	8.1	*70*						

BOND /CREDIT PERORMANCE

FundName	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**-0.3**		**2.6**		**2.5**		**4.5**		**5.7**		**6.9**	
Range of Results												
Top Quartile	1.1		2.8		2.8		5.2		6.1		7.2	
Median	-1.1		2.4		2.4		4.4		5.6		6.7	
Bottom Quartile	-2.8		1.9		1.8		3.7		4.9		6.4	
Avon Pension Fund	-3.9	*95*	2.4	*49*	1.9	*72*	4.8	*41*				
Barking and Dagenham	-3.8	*92*	0.6	*97*	0.2	*98*	1.5	*98*	4.0	*98*	5.8	*95*
Barnet Pension Fund	1.4	*22*	3.2	*12*	3.2	*13*	5.5	*19*	6.1	*23*	7.1	*31*
Berkshire Pension Fund	5.3	*2*										
Bexley Pension Fund	0.1	*41*	2.7	*35*	2.7	*33*	3.2	*81*	5.0	*70*	6.5	*69*
Brent Pension Fund	-3.9	*93*	0.9	*91*	1.4	*85*	2.6	*94*	4.0	*95*	6.2	*85*
Bromley Pension Fund	-1.9	*59*	1.5	*88*	1.5	*82*	4.3	*53*	5.3	*60*	6.5	*64*
Cambridgeshire Pension Fund	0.5	*34*	2.5	*47*	1.9	*69*	4.0	*64*	4.9	*75*	6.2	*80*
Camden Pension Fund	1.8	*19*	2.1	*62*	0.7	*96*	2.6	*92*	4.8	*83*	6.1	*90*
Cardiff & Glamorgan Pension Fund	-3.6	*90*	2.0	*74*	2.2	*56*	3.7	*77*	5.5	*58*	6.8	*44*
City of London Corporation Pension Fı	2.5	*14*	3.4	*11*								
Cornwall Pension Fund	-0.9	*48*	1.9	*76*	-0.4	*100*	-0.8	*100*				
Cumbria Pension Fund	4.7	*5*	0.5	*98*	0.8	*95*	5.1	*30*				
Devon Pension Fund	-2.2	*68*	2.7	*30*	2.5	*45*	3.0	*85*	4.9	*78*	6.4	*74*
Dyfed Pension Fund	-2.7	*73*	2.6	*39*								
Ealing Pension Fund	-3.4	*87*	2.2	*56*	2.8	*26*	5.7	*9*	5.8	*35*	7.2	*26*
East Riding Pension Fund	-3.4	*88*	1.8	*81*	2.3	*52*	3.9	*66*	5.2	*68*	6.1	*87*
East Sussex Pension Fund	3.2	*10*	3.2	*16*	3.3	*9*	6.9	*2*	6.7	*5*	7.5	*18*
Enfield Pension Fund	0.4	*36*	2.5	*46*	2.4	*50*	4.3	*58*	6.0	*28*	7.1	*28*
Flintshire (Clywd)	-3.4	*85*	0.3	*100*	0.9	*93*	3.7	*72*	4.7	*85*	6.6	*59*

BOND /CREDIT PERORMANCE

FundName	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**-0.3**		**2.6**		**2.5**		**4.5**		**5.7**		**6.9**	
Range of Results												
Top Quartile	1.1		2.8		2.8		5.2		6.1		7.2	
Median	-1.1		2.4		2.4		4.4		5.6		6.7	
Bottom Quartile	-2.8		1.9		1.8		3.7		4.9		6.4	
Gloucestershire Pension Fund	-2.8	*78*	2.2	*54*	2.0	*67*	4.8	*38*	5.6	*48*	6.8	*49*
Greater Manchester Pension Fund	-1.2	*53*	2.6	*40*	2.5	*43*	4.5	*49*	5.7	*40*	7.1	*36*
Greenwich Pension Fund	-2.8	*76*	2.2	*58*	1.9	*70*	4.4	*51*	5.7	*43*		
Gwynedd Pension Fund	-0.2	*44*	2.1	*67*	0.9	*89*	1.8	*96*	3.8	*100*	5.6	*100*
Hackney Pension Fund	1.5	*20*	2.8	*26*	2.7	*30*	5.2	*24*				
Hammersmith and Fulham	0.3	*39*	2.1	*63*	2.5	*46*	5.1	*34*	5.9	*30*	6.7	*51*
Haringey Pension Fund	3.5	*9*	2.8	*28*	3.0	*22*	5.8	*6*	6.5	*10*	7.6	*10*
Harrow Pension Fund	-1.2	*51*	3.0	*21*	3.2	*13*	6.4	*4*	7.0	*3*	7.8	*3*
Havering Pension Fund	5.6	*1*	6.0	*2*	4.4	*2*	7.5	*1*	7.2	*1*	8.1	*1*
Hillingdon Pension Fund	4.4	*7*	3.9	*5*	3.6	*6*	5.2	*24*				
Hounslow Pension Fund	-2.0	*65*	2.4	*51*	2.6	*37*						
Isle of Wight Pension Fund	-5.9	*100*	1.7	*83*	2.1	*61*	4.6	*47*				
Islington Pension Fund	-2.7	*71*	2.6	*42*	2.6	*39*	5.2	*26*	5.5	*55*	6.8	*46*
Kent Pension Fund	-1.7	*58*	2.1	*67*	2.2	*54*	3.5	*79*	4.8	*80*	6.7	*57*
Kingston upon Thames	-3.0	*80*	2.2	*53*	2.1	*63*	4.2	*60*	5.5	*53*	6.6	*62*
Lambeth Pension Fund	-0.1	*42*	7.4	*1*	5.2	*1*						
Lancashire Pension Fund	2.4	*17*	2.9	*23*	3.5	*8*	4.9	*36*	5.7	*45*	6.7	*54*
Lewisham Pension Fund	-2.0	*63*	1.5	*84*	2.1	*61*	5.5	*17*	6.6	*8*	7.7	*8*
Lincolnshire Pension Fund	-3.0	*83*	1.1	*90*	1.5	*83*	2.8	*87*	4.6	*88*	5.6	*98*
London Pension Fund Authority	-2.2	*66*										

BOND /CREDIT PERORMANCE

FundName	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**-0.3**		**2.6**		**2.5**		**4.5**		**5.7**		**6.9**	
Range of Results												
Top Quartile	1.1		2.8		2.8		5.2		6.1		7.2	
Median	-1.1		2.4		2.4		4.4		5.6		6.7	
Bottom Quartile	-2.8		1.9		1.8		3.7		4.9		6.4	
Merseyside Pension Fund	1.1	*26*	3.4	*9*	3.1	*17*	5.5	*15*	6.4	*13*	7.5	*13*
Merton Pension Fund	-1.4	*54*	2.8	*26*	2.5	*43*	5.6	*13*	6.4	*15*	7.2	*23*
Newham Pension Fund	2.7	*12*	3.6	*7*	3.2	*15*	3.9	*68*	5.6	*50*	6.4	*72*
Northamptonshire Pension Fund	2.4	*17*	2.7	*35*	2.7	*32*	4.3	*55*	5.7	*38*	6.9	*39*
Oxfordshire Pension Fund	0.8	*32*	3.2	*14*	3.0	*19*	5.1	*28*	6.1	*20*	7.2	*21*
Powys Pension Fund	0.8	*29*	2.1	*69*	1.8	*74*	4.6	*45*	6.1	*25*	7.5	*15*
Redbridge Pension Fund	-2.0	*61*	1.5	*86*	1.8	*76*	5.1	*34*	5.8	*33*	7.1	*33*
Rhondda Cynon Taf Pension Fund	-4.1	*98*	0.8	*95*	1.6	*78*	4.1	*62*	5.3	*63*	6.8	*44*
South Yorkshire Pension Authority	0.8	*31*	2.7	*32*	3.0	*20*	5.6	*11*				
Southwark Pension Fund	-2.5	*70*	2.0	*72*								
Strathclyde Pension Fund	-0.3	*46*	3.1	*19*	2.7	*35*	3.7	*75*	5.0	*73*	6.2	*82*
Suffolk Pension Fund	-1.6	*56*	2.7	*37*	2.2	*58*						
Surrey Pension Fund	-2.8	*76*	0.9	*93*	0.9	*93*	3.9	*70*	5.2	*68*	6.5	*67*
Sutton Pension Fund	5.1	*3*	4.4	*4*	3.6	*4*						
Swansea Pension Fund	-1.1	*49*	1.9	*77*	1.6	*80*	3.1	*83*	4.6	*90*	6.3	*77*
Torfaen (Gwent)Pension Fund	-4.0	*97*	2.6	*44*	2.8	*28*						
Tower Hamlets Pension Fund	0.4	*37*	2.1	*62*	1.0	*87*	2.7	*89*	4.3	*93*	5.9	*92*
West Yorkshire Pension Fund	1.3	*24*	1.8	*79*	2.4	*48*	4.7	*43*	6.3	*18*	7.7	*5*
Westminster Pension Fund	-3.0	*81*	2.0	*70*	2.0	*65*						
Wandsworth & Richmond Fund	1.1	*27*	3.1	*18*	2.8	*24*						

ALTERNATIVES PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*
Universe Average	**19.0**		**11.0**		**9.8**		**10.0**	
Range of Results								
Top Quartile	24.4		13.1		12.0		11.8	
Median	16.1		9.9		8.6		9.1	
Bottom Quartile	10.5		7.5		6.7		6.9	
Avon Pension Fund	12.0	*67*	8.3	*66*	8.2	*58*	6.9	*75*
Barking and Dagenham	16.2	*49*	10.1	*46*	8.1	*61*	6.7	*78*
Barnet Pension Fund	39.9	*6*	18.3	*12*				
Berkshire Pension Fund	26.4	*20*						
Bexley Pension Fund	13.3	*64*	11.0	*40*				
Brent Pension Fund	14.8	*55*	4.6	*92*	5.7	*88*	9.9	*42*
Cambridgeshire Pension Fund	17.0	*46*	11.9	*34*	9.5	*40*	11.2	*28*
Camden Pension Fund	40.3	*4*	22.5	*4*	15.9	*12*	9.8	*45*
Cardiff & Glamorgan Pension Fund	29.6	*13*	19.4	*8*	16.4	*7*	14.6	*8*
City of London Corporation Pension Fu	8.1	*87*	7.1	*76*	5.8	*84*		
Cornwall Pension Fund	11.9	*69*	6.1	*86*	5.7	*86*	5.8	*89*
Cumbria Pension Fund	10.6	*73*	7.6	*72*	7.9	*65*	10.2	*36*
Devon Pension Fund	8.3	*86*	6.6	*82*	6.4	*79*	6.0	*83*
Dyfed Pension Fund	8.7	*84*	5.0	*90*				
Ealing Pension Fund	9.9	*80*	5.4	*88*				
East Riding Pension Fund	19.0	*36*	8.7	*58*	8.9	*47*	10.0	*39*
East Sussex Pension Fund	13.9	*62*	11.0	*40*	8.0	*63*	7.6	*58*
Enfield Pension Fund	27.1	*16*	13.8	*22*	9.0	*44*	9.7	*47*
Flintshire (Clywd)	22.6	*31*	10.6	*44*	8.4	*56*	6.9	*72*
Gloucestershire Pension Fund	14.3	*60*	7.9	*70*	7.2	*72*	5.9	*86*

ALTERNATIVES PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank
Universe Average	**19.0**		**11.0**		**9.8**		**10.0**	
Range of Results								
Top Quartile	24.4		13.1		12.0		11.8	
Median	16.1		9.9		8.6		9.1	
Bottom Quartile	10.5		7.5		6.7		6.9	
Greater Manchester Pension Fund	23.5	*29*	13.3	*24*	12.2	*23*	11.8	*22*
Greenwich Pension Fund	-20.9	*100*	-0.9	*100*	0.4	*100*	1.8	*100*
Gwynedd Pension Fund	28.4	*15*	25.8	*2*	24.9	*2*	19.2	*1*
Hammersmith and Fulham	13.1	*66*	8.3	*62*	6.0	*81*	5.5	*92*
Haringey Pension Fund	25.3	*22*	15.3	*14*	12.4	*19*	12.9	*14*
Harrow Pension Fund	11.7	*71*	8.3	*64*	7.9	*68*	11.8	*25*
Havering Pension Fund	10.4	*78*	6.7	*80*	1.6	*98*	2.9	*95*
Hillingdon Pension Fund	9.3	*82*	8.6	*60*	6.7	*75*	7.5	*64*
Hounslow Pension Fund	-1.2	*98*	2.6	*96*	2.6	*95*		
Islington Pension Fund	18.3	*40*	10.1	*48*	16.1	*9*		
Kensington and Chelsea	59.0	*1*	35.1	*1*	25.9	*1*	15.0	*6*
Kent Pension Fund	14.5	*58*	9.9	*50*	7.2	*70*	7.0	*70*
Lambeth Pension Fund	1.0	*96*	8.1	*68*	3.7	*91*		
Lancashire Pension Fund	26.5	*18*	12.8	*28*	12.3	*21*	12.1	*20*
Lewisham Pension Fund	22.1	*33*	11.9	*36*	9.4	*42*	7.5	*61*
Lincolnshire Pension Fund	24.3	*26*	12.1	*32*	9.7	*37*		
London Pension Fund Authority	15.0	*53*						
Merseyside Pension Fund	20.8	*35*	9.3	*54*	8.6	*54*	9.1	*50*
Merton Pension Fund	4.1	*93*	7.0	*78*				
Newham Pension Fund	30.9	*11*	12.5	*30*	10.3	*33*	12.7	*17*

ALTERNATIVES PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank
Universe Average	**19.0**		**11.0**		**9.8**		**10.0**	
Range of Results								
Top Quartile	24.4		13.1		12.0		11.8	
Median	16.1		9.9		8.6		9.1	
Bottom Quartile	10.5		7.5		6.7		6.9	
Northamptonshire Pension Fund	23.9	*27*	10.9	*42*	8.6	*51*	2.4	*97*
Oxfordshire Pension Fund	36.6	*7*	21.6	*6*	16.7	*5*	16.6	*3*
Powys Pension Fund	36.4	*9*	15.0	*16*	11.9	*26*	8.5	*56*
Redbridge Pension Fund	6.5	*89*						
South Yorkshire Pension Authority	17.9	*44*	13.0	*26*	10.8	*30*	10.6	*33*
Southwark Pension Fund	5.5	*91*						
Strathclyde Pension Fund	24.5	*24*	14.2	*20*	13.3	*16*	14.3	*11*
Suffolk Pension Fund	10.6	*75*	7.4	*74*	6.4	*77*	7.4	*67*
Surrey Pension Fund	18.1	*42*	8.7	*56*	10.3	*35*		
Sutton Pension Fund	42.1	*2*	18.7	*10*	15.7	*14*		
Swansea Pension Fund	16.0	*51*	14.7	*18*	11.5	*28*	8.8	*53*
Torfaen (Gwent)Pension Fund	2.6	*95*	2.8	*94*				
Waltham Forest Pension Fund	14.6	*56*	0.6	*98*	3.6	*93*	6.4	*81*
West Yorkshire Pension Fund	18.3	*38*	9.6	*52*	8.7	*49*	10.7	*31*
Westminster Pension Fund	17.0	*47*						
Wandsworth & Richmond Fund	10.5	*76*	6.4	*84*				

PROPERTY PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**17.9**		**6.3**		**6.8**		**8.0**		**7.0**		**8.2**	
Range of Results												
Top Quartile	21.0		7.7		7.7		8.5		7.2		8.6	
Median	18.8		6.5		6.9		7.8		6.7		7.9	
Bottom Quartile	15.3		5.5		6.3		6.8		5.8		7.2	
Avon Pension Fund	14.2	*80*	4.9	*88*	5.8	*83*	7.3	*68*				
Barking and Dagenham	19.4	*38*	6.5	*50*	6.5	*65*	5.9	*98*	5.3	*92*	7.2	*75*
Barnet Pension Fund	11.6	*90*										
Berkshire Pension Fund	11.8	*88*										
Bexley Pension Fund	14.0	*82*	4.7	*89*	5.8	*82*	8.1	*38*				
Bromley Pension Fund	22.9	*7*	8.5	*9*								
Cambridgeshire Pension Fund	13.2	*85*	5.5	*73*	6.0	*80*	6.8	*77*	6.0	*67*		
Camden Pension Fund	16.4	*67*	4.7	*91*	5.6	*89*	7.8	*51*	6.7	*47*	7.9	*50*
Cardiff & Glamorgan Pension Fund	21.0	*25*	8.9	*1*	8.0	*13*	9.1	*11*				
City of London Corporation Pension Fı	9.3	*98*										
Cornwall Pension Fund	17.8	*55*	6.5	*54*	7.7	*28*	7.9	*43*				
Cumbria Pension Fund	21.1	*23*	7.5	*29*	7.4	*35*	9.0	*13*	8.3	*6*	9.8	*4*
Devon Pension Fund	18.8	*52*	8.7	*5*	8.8	*2*	8.7	*19*	7.0	*42*		
Dyfed Pension Fund	17.2	*58*	5.7	*70*								
Ealing Pension Fund	15.4	*73*	5.5	*77*	6.3	*74*						
East Riding Pension Fund	9.3	*100*	7.4	*30*	6.3	*72*	6.8	*79*	5.9	*70*	7.0	*82*
East Sussex Pension Fund	20.7	*28*	6.9	*41*	7.3	*39*	8.4	*26*	6.5	*56*	8.0	*43*
Enfield Pension Fund	19.3	*47*	7.7	*23*	6.9	*50*	6.2	*94*	5.0	*97*	7.2	*75*
Flintshire (Clywd)	16.8	*63*	7.0	*36*	7.3	*39*	8.8	*15*	7.2	*31*	7.6	*57*
Gloucestershire Pension Fund	19.4	*42*	7.0	*34*	7.5	*33*	9.1	*9*	8.6	*3*		

PROPERTY PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	**17.9**		**6.3**		**6.8**		**8.0**		**7.0**		**8.2**	
Range of Results												
Top Quartile	21.0		7.7		7.7		8.5		7.2		8.6	
Median	18.8		6.5		6.9		7.8		6.7		7.9	
Bottom Quartile	15.3		5.5		6.3		6.8		5.8		7.2	
Greater Manchester Pension Fund	17.4	*57*	3.7	*97*	4.9	*96*	6.5	*89*	6.5	*53*	8.2	*39*
Greenwich Pension Fund	21.2	*22*	5.9	*66*	6.6	*63*	7.5	*60*	5.1	*95*		
Gwynedd Pension Fund	21.7	*13*	7.9	*14*	7.6	*30*	8.7	*24*	7.1	*33*	9.0	*11*
Hackney Pension Fund	20.5	*30*	6.9	*38*	6.9	*48*	8.3	*28*	7.9	*11*	8.9	*14*
Hammersmith and Fulham	11.2	*92*	6.9	*41*	7.6	*32*						
Haringey Pension Fund	19.4	*40*	5.5	*72*	6.4	*70*	7.5	*62*	6.4	*61*	7.1	*79*
Harrow Pension Fund	19.1	*48*	4.2	*95*	5.0	*95*	6.8	*77*	6.1	*64*	8.3	*36*
Havering Pension Fund	22.1	*12*	8.9	*4*	8.4	*6*	7.6	*58*				
Hillingdon Pension Fund	22.6	*8*	8.9	*2*	7.7	*22*	8.8	*17*				
Hounslow Pension Fund	24.3	*1*	6.5	*52*	6.6	*63*	7.8	*49*	7.7	*17*		
Isle of Wight Pension Fund	19.6	*37*	8.0	*11*	7.9	*17*	9.3	*4*	7.0	*36*	6.6	*97*
Islington Pension Fund	15.3	*75*	6.8	*45*	6.9	*48*	8.0	*41*				
Kensington and Chelsea	12.9	*87*	0.9	*100*	3.8	*98*	6.1	*96*				
Kent Pension Fund	20.2	*35*	7.9	*16*	8.5	*4*	10.4	*1*	9.7	*1*	10.2	*1*
Kingston upon Thames	18.0	*53*	6.3	*59*	6.2	*78*	6.7	*81*	5.4	*89*		
Lambeth Pension Fund	9.9	*97*	2.2	*98*	3.4	*100*						
Lancashire Pension Fund	16.2	*70*	6.6	*48*	7.8	*20*	7.3	*66*	7.4	*22*	8.7	*18*
Lewisham Pension Fund	20.7	*27*	7.4	*32*	7.7	*28*	8.3	*32*	6.4	*58*	7.5	*61*
Lincolnshire Pension Fund	23.2	*3*	7.7	*22*	7.0	*45*	6.7	*85*	5.7	*81*	6.9	*86*
London Pension Fund Authority	16.9	*62*										

PROPERTY PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**17.9**		**6.3**		**6.8**		**8.0**		**7.0**		**8.2**	
Range of Results												
Top Quartile	21.0		7.7		7.7		8.5		7.2		8.6	
Median	18.8		6.5		6.9		7.8		6.7		7.9	
Bottom Quartile	15.3		5.5		6.3		6.8		5.8		7.2	
Merseyside Pension Fund	22.3	*10*	6.4	*55*	6.7	*58*	8.7	*24*	7.6	*20*	8.4	*32*
Merton Pension Fund	23.2	*5*	8.6	*7*	8.3	*8*	6.9	*72*	5.8	*72*	7.9	*47*
Newham Pension Fund	15.9	*72*	6.0	*63*	6.5	*67*	7.5	*64*	5.5	*86*	6.4	*100*
Northamptonshire Pension Fund	16.9	*62*	4.3	*93*	5.6	*85*	6.4	*92*	5.7	*78*	8.6	*25*
Oxfordshire Pension Fund	18.8	*50*	6.2	*61*	6.9	*52*	7.8	*49*	5.5	*83*	6.9	*89*
Powys Pension Fund	21.3	*18*	7.7	*25*	7.7	*24*	6.7	*87*				
Redbridge Pension Fund	13.9	*83*	5.1	*84*	6.4	*69*	8.3	*30*	7.2	*31*		
Rhondda Cynon Taf Pension Fund	15.3	*77*	5.3	*82*	6.8	*54*	7.2	*70*				
South Yorkshire Pension Authority	15.2	*78*	6.4	*57*	6.3	*76*	7.6	*55*	7.8	*14*	8.7	*22*
Southwark Pension Fund	19.3	*47*	7.8	*18*	9.0	*1*	9.2	*6*	7.9	*8*	9.0	*11*
Strathclyde Pension Fund	21.4	*15*	6.9	*43*	7.3	*41*	9.5	*2*	7.2	*25*	8.5	*29*
Suffolk Pension Fund	20.5	*33*	6.7	*47*	6.6	*59*	8.2	*34*	6.7	*45*		
Surrey Pension Fund	19.3	*43*	5.5	*75*	7.1	*43*	7.7	*53*	5.8	*75*	7.2	*68*
Sutton Pension Fund	16.3	*68*	5.4	*80*	5.0	*93*						
Swansea Pension Fund	24.3	*2*	5.9	*64*	5.6	*89*	6.7	*83*				
Torfaen (Gwent)Pension Fund	20.5	*32*	7.8	*20*	7.9	*19*						
Tower Hamlets Pension Fund	21.3	*18*	7.6	*27*	8.0	*11*	8.2	*36*	7.0	*42*	7.9	*54*
Waltham Forest Pension Fund	10.0	*95*	5.0	*86*	5.0	*93*	4.1	*100*	3.9	*100*	6.6	*93*
West Yorkshire Pension Fund	16.6	*65*	5.8	*68*	8.2	*9*	7.9	*45*	6.7	*50*	7.2	*64*
Westminster Pension Fund	10.6	*93*	5.4	*80*	6.7	*56*						

PROPERTY PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*	10 Yrs (%p.a.)	*Rank*	20 Yrs (% p.a.)	*Rank*	30 Yrs (% p.a.)	*Rank*
Universe Average	**17.9**		**6.3**		**6.8**		**8.0**		**7.0**		**8.2**	
Range of Results												
Top Quartile	21.0		7.7		7.7		8.5		7.2		8.6	
Median	18.8		6.5		6.9		7.8		6.7		7.9	
Bottom Quartile	15.3		5.5		6.3		6.8		5.8		7.2	
Wandsworth & Richmond Fund	21.2	*22*	8.0	*13*	7.9	*17*						

DIVERSIFIED GROWTH PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*
Universe Average	**4.7**		**5.1**		**3.5**	
Range of Results						
Top Quartile	7.3		6.6		4.4	
Median	4.2		4.3		3.3	
Bottom Quartile	3.1		3.6		2.8	
Avon Pension Fund	7.3	*18*	5.6	*33*	3.1	*61*
Barking and Dagenham	3.1	*75*	4.4	*45*	3.1	*65*
Barnet Pension Fund	2.9	*79*	8.0	*11*	5.7	*1*
Brent Pension Fund	5.0	*43*	5.9	*30*	4.0	*31*
Camden Pension Fund	6.5	*29*	6.6	*26*	4.7	*17*
Cornwall Pension Fund	9.1	*7*	8.0	*8*	5.5	*9*
Devon Pension Fund	7.3	*18*	3.0	*82*	2.9	*70*
Gloucestershire Pension Fund	7.3	*18*	4.5	*41*	2.8	*74*
Greenwich Pension Fund	1.2	*86*	0.6	*93*	-0.1	*96*
Hackney Pension Fund	-4.7	*97*	-0.5	*100*	-0.1	*100*
Hammersmith and Fulham	7.3	*22*	10.5	*1*	5.5	*4*
Haringey Pension Fund	7.3	*25*	10.0	*4*		
Harrow Pension Fund	4.2	*50*	4.3	*52*	3.3	*44*
Havering Pension Fund	5.7	*32*	6.7	*22*	4.5	*22*
Hounslow Pension Fund	4.2	*54*	3.5	*78*	3.6	*35*
Isle of Wight Pension Fund	3.8	*61*	3.9	*63*	3.3	*48*
Islington Pension Fund	3.6	*68*	6.8	*19*	5.1	*13*
Kingston upon Thames	4.8	*47*	5.1	*37*	3.3	*57*
Lewisham Pension Fund	0.0	*89*	0.1	*96*		
London Pension Fund Authority	11.3	*4*				

DIVERSIFIED GROWTH PERFORMANCE

	1 Year	*Rank*	3 Yrs (%p.a.)	*Rank*	5Yrs (%p.a.)	*Rank*
Universe Average	**4.7**		**5.1**		**3.5**	
Range of Results						
Top Quartile	7.3		6.6		4.4	
Median	4.2		4.3		3.3	
Bottom Quartile	3.1		3.6		2.8	
Merton Pension Fund	5.3	*39*	4.3	*48*		
Newham Pension Fund	11.9	*1*	4.0	*59*	2.7	*83*
Northamptonshire Pension Fund	3.4	*72*	3.7	*70*	3.3	*52*
Oxfordshire Pension Fund	3.7	*64*	3.9	*67*	3.4	*39*
Redbridge Pension Fund	2.0	*82*	2.7	*85*	1.9	*87*
Southwark Pension Fund	-1.4	*93*	4.1	*56*		
Sutton Pension Fund	3.8	*57*	3.6	*74*	2.7	*78*
Torfaen (Gwent)Pension Fund	-5.0	*100*	1.8	*89*	0.4	*91*
Tower Hamlets Pension Fund	5.4	*36*	6.9	*15*	4.4	*26*

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average	**52**	**56**	**18**	**17**	**17**	**14**	**9**	**8**	**2**	**2**	**2**	**2**
Range												
Top Quartile	60	64	22	22	17	15	10	9	2	3	9	9
Median	54	57	18	18	11	8	9	8	1	1	0	0
Bottom Quartile	46	49	13	12	6	4	7	3	0	0	0	0
Avon Pension Fund	40	38	21	23	12	13	15	12	1	2	9	9
Barking and Dagenham	56	57	7	8	17	15	5	5	1	1	14	15
Barnet Pension Fund	48	46	25	27	9	6	4	4	4	3	10	13
Berkshire Pension Fund	45	44	15	15	25	24	13	13	2	4	0	0
Bexley Pension Fund	31	40	27	30	28	17	15	12	0	0	0	0
Brent Pension Fund	56	53	12	12	7	8	1	0	3	5	21	21
Bromley Pension Fund	65	67	28	29	0	0	6	3	1	0	0	0
Cambridgeshire Pension Fund	58	60	14	15	17	15	10	10	0	1	0	0
Camden Pension Fund	57	65	11	9	5	3	13	8	6	2	8	12
Cardiff & Glamorgan Pension Fund	63	63	23	25	4	4	7	7	3	2	0	0
City of London Corporation Pension	60	60	9	9	23	23	8	7	0	0	0	0
Cornwall Pension Fund	36	35	22	21	29	25	7	6	2	1	3	11
Cumbria Pension Fund	35	39	17	18	36	32	9	9	2	3	0	0
Devon Pension Fund	59	63	14	13	8	6	9	8	1	1	9	9
Dyfed Pension Fund	73	76	9	11	4	2	15	11	0	1	0	0
Ealing Pension Fund	59	56	24	27	7	5	9	9	1	4	0	0
East Riding Pension Fund	52	53	13	13	24	20	9	12	1	3	0	0
East Sussex Pension Fund	41	42	13	8	35	41	9	8	2	1	0	0
Enfield Pension Fund	43	43	29	28	17	16	6	6	5	7	0	0
Flintshire (Clywd)	20	21	36	36	36	35	6	6	3	2	0	0

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average	**52**	**56**	**18**	**17**	**17**	**14**	**9**	**8**	**2**	**2**	**2**	**2**
Range												
Top Quartile	60	64	22	22	17	15	10	9	2	3	9	9
Median	54	57	18	18	11	8	9	8	1	1	0	0
Bottom Quartile	46	49	13	12	6	4	7	3	0	0	0	0
Gloucestershire Pension Fund	58	60	19	20	5	3	9	7	1	2	8	8
Greater Manchester Pension Fund	46	52	19	19	22	19	8	7	5	3	0	0
Greenwich Pension Fund	52	56	18	17	7	9	11	9	0	0	13	8
Gwynedd Pension Fund	62	65	20	19	8	8	9	8	1	0	0	0
Hackney Pension Fund	53	58	29	25	1	0	10	8	0	0	7	9
Hammersmith and Fulham	46	46	18	21	8	5	7	5	0	0	21	23
Haringey	48	51	19	19	10	10	11	11	2	1	10	8
Harrow Pension Fund	53	54	13	23	15	2	7	6	2	4	9	10
Havering Pension Fund	40	42	20	20	6	5	10	8	2	2	22	23
Hillingdon Pension Fund	46	46	28	27	11	14	14	12	1	1	0	0
Hounslow Pension Fund	65	64	15	15	12	13	5	4	0	0	3	3
Isle of Wight Pension Fund	54	57	21	21	1	0	6	5	2	0	16	16
Islington Pension Fund	56	55	13	15	8	7	17	16	0	0	6	8
Kensington and Chelsea	68	74	0	0	7	6	6	5	18	15	0	0
Kent Pension Fund	58	61	15	13	13	10	12	10	2	5	0	0
Kingston upon Thames	58	66	21	11	0	0	7	7	0	0	14	16
Lambeth Pension Fund	42	51	35	32	8	7	9	9	0	0	6	0
Lancashire Pension Fund	49	48	17	17	22	21	10	14	2	1	0	0
Lewisham Pension Fund	52	53	19	20	17	15	9	8	0	0	2	5

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average	**52**	**56**	**18**	**17**	**17**	**14**	**9**	**8**	**2**	**2**	**2**	**2**
Range												
Top Quartile	60	64	22	22	17	15	10	9	2	3	9	9
Median	54	57	18	18	11	8	9	8	1	1	0	0
Bottom Quartile	46	49	13	12	6	4	7	3	0	0	0	0
Lincolnshire Pension Fund	55	64	16	16	17	16	7	1	4	4	0	0
London Pension Fund Authority	48	49	3	12	38	28	9	9	2	2	0	0
Merseyside Pension Fund	49	51	15	16	26	24	9	9	1	1	0	0
Merton Pension Fund	45	62	19	20	13	7	3	3	1	0	19	8
Newham Pension Fund	51	51	19	24	10	8	15	13	2	1	2	2
Northamptonshire Pension Fund	55	56	19	20	10	8	9	8	0	1	7	7
Oxfordshire Pension Fund	53	58	20	20	13	10	8	6	2	1	5	5
Powys Pension Fund	42	46	34	32	15	13	8	8	1	0	0	0
Redbridge Pension Fund	60	60	9	15	3	2	16	9	0	1	12	13
Rhondda Cynon Taf Pension Fund	68	73	24	21	0	0	8	6	0	0	0	0
South Yorkshire Pension Authority	47	49	19	21	25	19	9	9	1	1	0	0
Southwark Pension Fund	60	67	6	7	9	2	16	14	0	0	9	10
Strathclyde Pension Fund	50	54	22	22	15	13	11	10	2	1	0	0
Suffolk Pension Fund	45	42	14	20	30	29	10	9	2	1	0	0
Surrey Pension Fund	65	66	11	12	18	7	6	6	0	0	0	9
Sutton Pension Fund	54	60	23	18	4	3	7	6	0	0	12	12
Swansea Pension Fund	71	73	8	10	14	12	5	4	1	2	0	0
Torfaen (Gwent)Pension Fund	74	75	14	16	6	5	2	2	0	0	3	2
Tower Hamlets Pension Fund	57	59	10	11	2	0	10	8	1	1	21	20

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth	
	2022	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*
Average	***52***	***56***	***18***	***17***	***17***	***14***	***9***	***8***	***2***	***2***	***2***	***2***
Range												
Top Quartile	*60*	*64*	*22*	*22*	*17*	*15*	*10*	*9*	*2*	*3*	*9*	*9*
Median	*54*	*57*	*18*	*18*	*11*	*8*	*9*	*8*	*1*	*1*	*0*	*0*
Bottom Quartile	*46*	*49*	*13*	*12*	*6*	*4*	*7*	*3*	*0*	*0*	*0*	*0*
Waltham Forest Pension Fund	*58*	*78*	21	*0*	*8*	*9*	*10*	*10*	*3*	*3*	*0*	*0*
West Yorkshire Pension Fund	*65*	*68*	13	*13*	*15*	*13*	*4*	*4*	*3*	*3*	*0*	*0*
Westminster Pension Fund	*65*	*71*	17	*19*	*4*	*2*	*7*	*4*	*6*	*3*	*0*	*0*
Wandsworth & Richmond Fund	*61*	*64*	*25*	*24*	*6*	*4*	*7*	*4*	*1*	*4*	*0*	*0*

These tables are intended solely for the use of the participating funds. Whilst individual fund returns and rankings may be used, the tables in their entirety should not be copied or distributed beyond these funds.

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Agenda Item: 7

Local Pension Board

Meeting Date: 15.12.2022

Subject: **Pension Team Update Report**

Cabinet Member: **Cllr Leaver**

Executive Director: **Fay Hammond**

Key Decision: **n/a**

Purpose of Report

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

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. **Prudential performance update**

<u>Annual Benefit Statements</u>

In October we received an email from our client manager advising us that the Prudential were not able to issue Annual Benefit Statements to Members until November. It appears that there has been a further delay as statements have still not been received by our members. The Pension Regulator is aware of the situation.

Their update is below.

As you know, we are in the process of preparing the Annual Accounts and members' Annual Benefit Statements (ABS) for the year ending 31 March 2022.

The revision process which supports the Annual Accounts and ABS is making good progress, but there have been some delays in completing this work. I now expect your AVC scheme Accounts to be issued in November 2022 although if possible the Annual Accounts and ABS will be issued earlier than this. I am conscious this is later than you would like and potentially passes the date by which your main scheme annual report is due.

I felt it important to let you know about this situation and the timescales involved. I am sorry for this delay. We are in communication with The Pension Regulator, so they are aware of the delays being experienced. If the Annual Accounts are delayed beyond November 2022, we will continue to update them.

Pension Lifestyle Investment Options
We also received an update on pension lifestyle investment options.

Members of the Enfield Pension Fund have access to lifestyle investment options. Theses are designed to automatically change investments at pre-defined points as members get closer to retirement.

The Prudential have identified that some of automatic changes have not been applied resulting in member's fund values being reported as incorrect. The Prudential have apologized and have contracted those members affected. Controls have been put in place to avoid a recurrence of this problem and have notified the Pensions Regulator

We are monitoring the situation closely and have requested further updates on both issues. We are also organising a meeting with our client manager in January and will update the Board on progress at the next meeting.

6. LGPS published statistics for 2021/22

Highlights include:

- The Scheme market value @ March 2022 was £364 billion, an increase of £26.9 billion (8%)
- Total expenditure of £14.4 billion, an increase of 6.6% on 2020/21 which DLUHC suggests was partly driven by an increase in lump sum retirement payments
- Total income of £15.9 billion, a decrease of 8.1% on 2020/21

- Employer contributions decreased by 24.3% on 2020/21 to £7.8 billion. The decrease in total income and employer contributions is common in the final year of the three-year valuation cycle. This is due to employers making early payment of contributions in the previous two years.

- Employee contributions of £2.6 billion, an increase of 4.8%

- There were 6.3 million scheme members @ 31st March 2022 - 2 million active members, 1.9 million pensioners and 2.3 million deferred members

- There were 94,724 retirements in 2021/22, an increase of 14.2% compared with 2020/21

DLUHC suggests that the increase in retirements could be due to members being unable to retire in 2020-21 due to the pandemic with more people choosing to retire as the pandemic abated. Normal retirements and early payment of deferred benefits increased by 29.8% and 9.5% respectively over the previous year.

Please refer to Appendix 1 for more information.

7. **September 2022 CPI rate announced**

On 19th October 2022, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2022 as 10.1%.

Government policy in recent years has aligned increases, under the Pensions (Increase) Act 1971 and revaluation of pension accounts under Section 9 of the Public Service Pensions Act 2013 to the rate of CPI in September of the previous year.

We await confirmation from Government what the revaluation and pensions increase will be, which we will apply to LGPS active pension accounts, deferred pensions, and pensions in payment from April 2023.

Please refer to Appendix 2 for more information

8. Cost of Living impact

Data request on opt outs

On 11th October 2022, Gareth Brown emailed administering authorities in England, Scotland and Wales with a request for data on the number of members opting out or moving to the 50/50 section. The email was sent on behalf of the Scheme Advisory Board (SAB) for England and Wales.

Authorities are asked to respond by 4th November 2022, which we did.

The data will allow the SAB to understand the extent to which the cost of living crisis is changing members' behaviour. The data will also help SAB to decide whether a more substantial data gathering exercise is required. This would capture data that is only likely to be held by employers.

SAB expects to re-run the exercise early next year and possibly again in spring 2023.

FCA warns that cost-of-living crisis could increase pension scams

The Financial Conduct Authority (FCA) recently issued a press release warning that the cost-of-living crisis could cause an increase in pension scams.

The warning follows FCA research which showed that a quarter of pension members would consider withdrawing money from their pension earlier than planned to cover the cost of living, making them vulnerable to pension scammers.

Please refer to Appendix 3 for more information.

9. Pensions Dashboards Programme (PDP)

The aim of the pensions dashboards is to allow scheme members to see information about all their pensions, including the State Pension, securely online.

Those in scope are estimated at 40 million people aged 18 to state retirement age and 12 million people aged over 66. Approx. 40,000 pension providers covering 100 million pension entitlements will need to be ready for the dashboard.

DWP launched a consultation in January 2022, and they have published their response which changes the requirements for public service pension schemes. We will now need to connect to the initial pension's dashboard by 30th September 2024.

The regulations however do not confirm when the general public will be given access to the dashboards (known as the "Dashboards Available Point") but do confirm that schemes will receive at least 6 months' notice of this date by Government. This is an increase to the 90 days proposed in the consultation.

DWP have confirmed that they will be going ahead with the second proposal allowing the Money and Pensions Service (MaPS) and the Pensions Regulator (TPR) to share information about dashboards.

DWP has confirmed that frozen refunds will not be included in the first iteration of pensions dashboards. This is a disappointing decision which could lead to more queries. They could be considered for inclusion by the DWP at a later stage.

The LGA is meeting regularly to discuss pensions dashboards with Heywood, our software supplier.

State pension data is due to be available from launch of the dashboard.

Draft dashboard regulations laid for approval

On 17th October 2022, DWP laid a draft of the Pensions Dashboard Regulations 2022 before each House of Parliament. Each House will need to approve the draft by a resolution. The House of Lords will consider the regulations on 15th November 2022. As yet, no date has been set for consideration in the House of Commons.

Progress update report

On 26th October 2022, the Pensions Dashboards Programme (PDP) published its sixth progress update report.

The report covers:

• programme activity in the six-month period from April 2022,

• focus areas to April 2023

• updates from PDP's partners: DWP; the Financial Conduct Authority (FCA); and TPR.

Videos published

On 13th October 2022, PDP published two short videos.

The first video is called 'Get your data ready for pensions dashboards'. The video provides guidance to schemes on how to cleanse data so that it is accurate and up-to-date.

The second video is called 'An introduction to find and view data'. The video explains the important differences between find data and view data.

Please refer to Appendix 4 for more information.

10. The Pension Regulator

Enforcement and prosecution policy updated

Dominic Harris will replace Anthony Arter as Pensions Ombudsman in January 2023.

On 25th October 2022, the Pensions Regulator (TPR) published various enforcement policy and strategies. These aim to give clarify what we can expect from the TPR enforcement action.

The enforcement policy sets out TPR's approach to investigating cases and any subsequent enforcement action. It is web-based and divided into standalone chapters; each will have links to other relevant documents. The policy also consolidates previous policies in respect of defined benefit, defined contribution and public service pension schemes.

The prosecution policy explains how TPR will approach prosecuting workplace pension criminal offences. The policy has been brought up to date to reflect the new criminal powers in the Pensions Schemes Act 2021 and other developments.

The enforcement strategy sets out the overarching aims of TPR's enforcement work (excluding automatic enrolment). It also provides an insight into the framework TPR applies when selecting cases for enforcement action.

The two main drivers for the publication of this new approach appear to have been increased TPR powers as a result of the Pension Schemes Act 2021, and the TPR drive for transparency.

Charles Counsel, Chief Executive Officer at TPR, delivered a speech at the recent Pensions and Lifetime Savings Association (PLSA) conference. The speech was titled 'Looking Ahead: Regulating for the Saver'.

The speech also covered a wide range of issues, including dashboards, liability-driven investments and the cost-of-living crisis.

Please refer to Appendix 5 for more information

11. **McCloud update**

Teachers' Pension Scheme (TPS) McCloud remedy and the LGPS

The implementation of the McCloud remedy in the TPS means that some teachers will be retrospectively eligible for the LGPS for the period from 1st April 2015 to 31st March 2022.

This is provided for in the Public Service Pensions and Judicial Offices Act 2022 (2022 Act). Chapter 1 of Part 1 of the 2022 Act defines remediable service as including 'excess teacher service'. The Department for Education (DofE) and the Department for Levelling Up, Housing and Communities (DLUHC) will consult on how this will work in practice in due course.

Background

TPS final salary scheme (legacy scheme) - if a teacher has a part time employment in addition to a full-time employment, the part time employment (or excess teacher service) was not pensionable in the TPS final salary scheme.

Where the employer offers the LGPS, the teacher would have been eligible to join the LGPS in respect of the part time employment. This is because the LGPS regulations provide for membership if a person is employed by a Scheme employer and is not entitled to membership of another public service pension scheme in respect of that employment.

The Scheme employer would have enrolled the teacher into the LGPS in respect of the part time employment in accordance with the LGPS regulations.

TPS CARE scheme (reformed scheme) – if a teacher has a part time employment in addition to a full-time employment, both employments are pensionable in the TPS CARE scheme. As a result, teachers in the TPS CARE scheme are not eligible to be members of the LGPS in respect of the part time employment.

The TPS legacy scheme is closed to all pensions build up from 1st April 2022. All future TPS pension build up is in the reformed scheme – this includes any part time employments where the teacher also has a full-time employment.

McCloud remedy in the TPS

As part of the TPS McCloud remedy, all eligible members who were in the TPS reformed scheme will initially be rolled back into the TPS legacy scheme for the remedy period. The remedy period in the TPS runs from 1st April 2015 to 31st March 2022.

When a member takes payment of their pension, they will decide if they want to take the benefits built up in the remedy period as either legacy or reformed benefits. This is called the Deferred Choice Underpin (DCU). If a member has already taken payment of their pension, they will be given an immediate choice as soon as possible after 1st October 2023.

The 2022 Act sets out the approach that will apply for members with excess teacher service. Because reformed scheme benefits are initially being rolled back into the legacy scheme, any additional part time employments will retrospectively change from being pensionable under the TPS CARE scheme to pensionable in the LGPS for the remedy period. Members who meet the LGPS qualifying criteria will receive underpin protection in the LGPS.

Teachers who remain in (or restart) employment after 31st March 2022 will have the opportunity to transfer the membership from the LGPS to the TPS.

Where a teacher keeps their excess teacher service in the LGPS and subsequently makes their choice on whether to have reformed or legacy scheme benefits for their main TPS record, this decision will not affect their LGPS membership for the remedy period. The LGPS will remain the member's appropriate scheme for their excess teacher service for the remedy period.

Administration impact

DofE has estimated that approximately 18,000 teachers are in scope. These will be a mix of active, deferred and pensioner members.

Pensioner members who were not protected, or only partially protected, by the original transitional protection will be asked to make an immediate choice by the TPS. They will be asked to decide if they wish to take final salary (legacy) or CARE (reformed) scheme benefits in respect of their service during the remedy period. If they choose final salary, the excess teacher service will be retrospectively pensionable in the LGPS for the appropriate period. The resulting LGPS pension will need to be put into payment immediately, with an adjustment for any over or under payment.

This exercise is going to be administratively challenging for both the TPS and LGPS administering authorities. We will work with DofE and DLUHC to agree a process for dealing with these cases. This will involve considering

- how to identify affected members
- adjusting employee and employer contributions
- obtaining data to create LGPS member records
- how to deal with any additional pension contracts
- adjustments where benefits are already in payment
- transfers back to the TPS after the remedy period

This list is not exhaustive, more information is expected in due course.

The DLUHC response to the McCloud consultation has been delayed further. It is now expected that a response will be in early in 2023 rather than autumn this year.

No major changes are expected to the central policy. This delay however does mean that administering authorities and software suppliers will have to wait longer for specific information about how the remedy will work in certain circumstances such as flexible retirements and club transfers.

It will not be possible to make any progress on re-calculations until the final regulations are in place. Expectation is that many calculations will have to be performed manually in the period before systems are updated.

Please refer to Appendix 6 for more information.

12. Letter about discrimination in the LGPS sent to minister

Chair of the SAB, wrote to the Local Government Minister, Paul Scully. The letter to the minister recommends amending the regulations on death grants and survivor benefits.

The SAB expressed concern about continuing to restrict death grants to cases where the member died before age 75. It considers the restriction may be at risk of legal challenge and should be removed.

The SAB reminded the minister that the LGPS rules on survivor benefits have not yet been amended to reflect the Goodwin judgment. It has previously recommended the Government investigate the feasibility of removing all differences in the survivor benefit rules.

Please refer to Appendix 7 for more information

13. Ministerial changes

On 6th July 2022, Kemi Badenoch MP resigned from the Government as Minister of State at the DLUHC. As part of this office, she was responsible for the LGPS.

The Government has recently confirmed that Paul Scully MP has taken over ministerial responsibility for the LGPS.

On 20th September 2022, it was announced that Guy Opperman MP had been relieved of his duties as Pensions Minister. He was the UK's longest serving pensions minister, he was in post for five years.

On 21st September 2022, the Government announced that Alex Burghart MP will take up the role of Pensions Minister.

On 27th October 2022, Laura Trott, MP for Sevenoaks, was confirmed as the new Minister for Pensions, with responsibility for pensioner benefits, private and occupational pensions, and the care of arms-length bodies such as the Pensions Regulator.

On 7th September 2022, it has been confirmed that Lee Rowley, MP for North East Derbyshire, will be the new minister for Local Government and therefore take responsibility for the LGPS.

14. LGPS Governance Conference 2023

The conference will take place on 19th to 20th January 2023 at the Cardiff Marriott Hotel. You can attend the conference in person or join online. Places are limited for attendance in person.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

Please refer to Appendix 8 for more information

15. **South West Pension Managers conference** (update notes)

Lorraine Bennett, LGA

McCloud remedy response to consultation is expected in November but will not include draft regulations, these are expected in a further consultation early next year.

McCloud regulatory timings have slipped – the Government consultation response is now expected before Christmas, a further consultation early in 2023 will cover technical comments on the remedy regulations and seek views on other areas not yet consulted on (e.g. interest and compensation). Regulations will now hopefully be made before the summer recess before coming into force 1st October 2023

Age 75 death grant limit – a request has been made to the Minister to remove the age limit in line with other public service pension schemes

Exit payments cap – this is still on the horizon, but timings are unknown

Good governance consultation is expected in early 2023 and will include workforce planning.

Oasis multi-academy trust consolidation – hopefully a decision will be reached by the end of the year

Recruitment and retention
Several issues were identified as contributing to the difficulties in recruiting and retaining staff. It is felt that pay scales are not competitive and private sector pay increases or career opportunities may be more attractive to potential employees.

The option to work from home is giving employees a wider pool of employers to choose from.

The complex high-volume work involved is not recognised by job evaluation and higher KPIs are putting pressure on staff.

It was also noted that pension qualifications don’t always meet the training needs of the LGPS.

Solutions proposed included:

- A national rebrand of LGPS roles and careers, producing a framework for skills and knowledge, establishing national standardised job profiles,
- providing an LGPS qualification,
- better utilising the apprenticeship levy,
- introducing a graduate scheme,
- involving the pensions board in discussions with host authority HR about pay.
- It was also felt that more joined up working with the LGA and SAB to reduce complexity of the Scheme would be beneficial.

Angela Bell, The Pension Regulator

The Pensions Dashboard

Angela Bell from TPR confirmed the timeline for LGPS funds to be ready to connect and respond to matching requests is 30th September 2024. In advance of this funds should review the guidance and resources available and speak with their software providers.

Funds were encouraged to use the checklist, available on the Regulator's website to help track their progress.

Where data is requested from funds via the dashboard, there is likely to be a 10-day turnaround time for public sector schemes. The Regulator will view failure to return information as a similar level of breach as returning incorrect information.   The Regulator's focus will be on wilful non-compliance, and the response to these cases will be robust.

High inflation, cost of living crisis and the LGPS
Melanie Durrant and Jeff Houston, Barnett Waddingham

With the 10.1% pension increase having a compounded effect on cashflows, the potential for increased member opt-outs, more employers leaving or downsizing, a reduction in contributions and an increased likelihood of the McCloud underpin biting. This may be somewhat offset by delayed retirements, employee contribution bands and less commutation but this is still somewhat of an unknown.

Funds will need to consider employer contributions on an individual basis, engage with members and employers – make sure they know the benefits of the scheme and what they will be giving up, promote 50/50 section.

16. **Chancellor's Autumn Statement**

Chancellor Jeremy Hunt delivered the 2022 Autumn Statement on 17th November. The measures affecting pension schemes are summarised below. There were no changes to pensions taxation.

In his speech, the Chancellor stated that the Government would tackle "inflation to reduce the cost of living and protect pensioner savings whilst supporting the economy on a path to sustainable growth".

Lifetime allowance – freeze not extended
In the March 2021 Budget, it was announced that the lifetime allowance (LTA) would be frozen for five years - for 2021/22 to 2025/26 inclusive. Despite tax and National Insurance thresholds being frozen until April 2028, no extension to the LTA freeze was announced.

State Pension triple lock
The State Pension will be uprated in line with CPI inflation (10.1%) in April 2023 – in line with the Government's commitment to the 'triple lock'.

State pension age review
The Chancellor confirmed that the Government will publish its second periodic review of State Pension Age (SPA) "in early 2023". The review "will need to carefully balance important factors, including fiscal sustainability, the economic context, the latest life expectancy data and fairness both to pensioners and taxpayers". The review must be published by 7th May 2023.

Under the Pensions Act 2014, reviews like this must be carried out at least once every six years. The first such review was published in 2017 and recommended that the increase in SPA from 67 to 68 should take place from 2037-39, seven years earlier than the current legislative timetable. The Government stated at the time that it would legislate to bring forward the increase in line with that recommendation but said that it would carry out a further review before doing so, in order to consider the most up to date life expectancy projections. In practice therefore, the recommendation hasn't become law.

Other News

The Government Actuary will report on life expectancy.

Baroness Neville-Rolfe has been appointed to prepare an independent report on other relevant factors to ensure the way SPA is set up is robust, transparent and fair to both taxpayers and pensioners. Her report was completed in September 2022 but has not yet been published

The outcome of the review will be highly relevant to the LGPS, as the pension age for CARE benefits is set equal to SPA and so any change to SPA that is legislated for will impact on the payment of benefits already built up as well as those due to accrue in future. The review will also impact on whether the McCloud underpin bites or not for individuals, given that early and late retirement factors will be taken into account in underpin calculations once the McCloud remedy regulations come into force in October 2023. Ultimately any change in benefit costs could impact employer contribution levels, or to future Scheme-wide valuations by GAD under the cost control mechanism.

17. Pension Teamwork priorities

In this quarter the Pension Team focused on the issuing of Annual Allowance tax statements to member in breach of the allowance.

The Team welcomed back two Senior Officers from maternity leave.

Three members of the team attended a 4-day residential course run by the LGA in Eastbourne in September. The intensive course covered all aspects of pension administration and as a result they are equipped to take on more complex day to day work.

18. **Pension Team – Key performance Indicator (KPI's)** Q3 - 2022/23 (October to December 2022) will be supplied at the next Pensions Board.

19. Risk Register

Area	Risk Register	Level of Risk	Project work	Cause of Risk	Risk Owner	Impact	Controls in place	Further action required	Review date
Benefits	Processing of Benefits	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 identifed 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.	01/03/2023
	Overage deferred records not paid	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 outscource to find missing members addresses. Systems Team to identify amount.	31/03/2023
	Over 75 benefits not paid - insert figures	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 identifed 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	30/09/2023
	AVCs at leaving	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	31/03/2023
	AVCs -Prudential annual statements	Medium	No	Prudentail 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 Prudentials 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	31/12/2022

	Aggregation of benefits - pre and post April 14	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 placein August 21	Historical Members identifed - administration team working through both old and new cases as they appear each month	31/08/2023
	McCloud review	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 crrect benefits. Plus financial and reputational damage to pension fund	Systems Team are currently working on identifying members who may be in scope	Ensure new legistlation updates are reviewed. Systems Team to contact employers re data retention - esp hours previously held	31/08/2023
	Annual Allowance	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 -	Review of project plan in preparation for 2022/23	01/04/2023
	Lifetime Allowance [INCLUDE PROTECTIONS]	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	Review of project plan in preparation for 2022/23	01/04/2023
	Triennial Valuation 2022	Low	Yes	Completion of the administration side of the triennial valuation in a timely manner.	Bola Tobun	Incorrect benefits paid out. Financial and reputational damage to fund.	Final stage - Investments to notify all new rates to employers.	Risk owner to outline project timelines along with appropriate stakeholders.	31/03/2023
	GMP - HMRC	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 - and referred to on a daily basis for each member coming into payment	project plan in place	31/12/2023
	ABS	Low	Yes	Sent out correctly and in line with prescribed timescales	Systems Team with support from Tim O'Connor	Incorrect statements can lead to members making incorrect financial decisions. Causing reputational damage.	Project plan in place - completed for 2021	Review in January for letters and also include online feedback survey	31/01/2023
Projects	Workflow aligning with SLAs and all procedures captured	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.	31/03/2023
	Correctly uploading factor tables	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	31/05/2023
	Event reporting	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	31/08/2023
	Missing Addresses	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 outscource missing members addresses to a tracing agency. Systems Team to identify amount.	31/05/2023
	End of year updating (LGPS 2021 scheme and employer data issues)	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	31/03/2023
	Data cleansing meeting TRP record-keeping	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.	31/12/2023
	Procedure matrix	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	Procedure project in progress	Team Leaders to routinely capture any missing processes and monthly reviews on updates	31/05/2023
	Training matrix	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	31/05/2023
	KPI - statistic's	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	31/03/2023
Management	Discretions Employers	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.	31/08/2023

	Staffing levels	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	31/01/2023
	LGA Bulletins – bullet points being actioned	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 meeting	31/12/2023
	Data Protection / Cyber training	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 31/05/2023 required. Auditing of cases on a routine basis.	31/05/2023
Governance	Local Pension Board - administration papers	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.	31/12/2023
Employer	Employer data provided on time	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	31/05/2023
Employer	Legal turnaround times for Admission Agreements	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.	31/03/2023
Communications	Communications Quality Assurance	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.	31/08/2023
Communications	Website	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	31/05/2023
Communications	Presentations/online	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.	31/03/2023
Communications	Pension Webinars	Low	Yes	EPF indicated Fund would hold these in 2020 but the pandemic meant canceling. 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	31/03/2023
Communications	Member Self Service	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.	30/04/2023
Security	Cyber security	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	31/10/2023

20. Main Considerations
No main considerations arising from the report.

21. Safeguarding Implications
No Safeguarding implications arising from the report.

22. Public Health Implications
The Enfield Pension Fund indirectly contributes to the delivery of Public

Health priorities in the Borough

23. **Equalities Impact of the Proposal**
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.

24. **Environmental and Climate Change Considerations**
There are no environmental and climate change considerations arising from the report

25. **Risks**
The Pension Team risk register is included in this report

26. **Financial Implications**
There is no financial implication to report

27. **Legal Implications**
The amended Admissions Policy drafted by the Council's actuaries Aon adhere to the LGPS Regulations 2013.

28. **Workforce Implications**
There are no workforce implications to report

29. **Property Implications**
There are no property implications arising from this report

30. **Other Implications** – None

31. **Options Considered – none**

32. **Conclusions – None**

Appendices

Appendix No 1
LGPS statistics for 2021/22 published

https://www.gov.uk/government/statistics/announcements/local-government-pension-scheme-funds-for-england-and-wales-2021-to-2022

Appendix 2
September 2022 CPI rate announced

https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2022

Appendix 3
Cost of living impact

https://www.lgpsmember.org/help-and-support/frequently-asked-questions/?faq-type=about-your-pension

https://www.fca.org.uk/news/press-releases/fca-research-quarter-consumers-would-withdraw-pension-savings-earlier-cover-cost-living

Appendix 4
Pension Dashboards

https://www.legislation.gov.uk/ukdsi/2022/9780348239645/contents

https://www.pensionsdashboardsprogramme.org.uk/pur/

https://www.pensionsdashboardsprogramme.org.uk/2022/10/13/cleansing-data-readiness-pensions-dashboards/

https://www.pensionsdashboardsprogramme.org.uk/2022/10/13/understanding-find-and-view-data/

https://www.thepensionsregulator.gov.uk/en/media-hub/speeches-and-speakers/charles-counsell-plsa-conference-2022

Appendix 5
The Pension Regulator

https://www.gov.uk/government/news/dwp-announces-new-pensions-ombudsman

https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-and-enforcement-policies/prosecution-policy

https://www.thepensionsregulator.gov.uk/en/about-us/how-we-regulate-and-enforce/enforcement-strategy

Appendix 6
McCloud

https://www.room151.co.uk/local-government-pension-scheme-investment/lgps-governance-best-of-times-or-worst-of-times/

Appendix 7
Letter about discrimination in the LGPS sent to minister

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

Appendix 8

LGPS Governance Conference 2023

https://lgpslibrary.org/assets/Conference%202023/LGPS%20Conference%20flyer.pdf

MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT COMMITTEE HELD ON WEDNESDAY, 23 NOVEMBER 2022

COUNCILLORS

PRESENT	(Chair) Doug Taylor, Gina Needs, Sabri Ozaydin, David Skelton and Edward Smith
ABSENT	Tim Leaver (Cabinet Member for Finance and Procurement)
OFFICERS:	Olga Bennet (Director of Finance), Bola Tobun (Finance Manager – Pensions and Treasury) and Jane Creer (Secretary)
Also Attending:	Daniel Carpenter (Associate Partner, Aon), and Kara Robinson (Senior Investment Consultant, Aon)

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies for absence were received from Cllr Tim Leaver (Vice Chair) and from Carolan Dobson (Independent Advisor).

2 DECLARATIONS OF INTEREST

There were no declarations of interest in respect of any items on the agenda.

Cllr Sabri Ozaydin stated that he was a Director of Housing Gateway Ltd, Council Company.

3 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 5 October 2022 were agreed with amendments to correct typographical errors; that Cllr Tim Leaver was specifically Cabinet Member for Finance and Procurement; that the sub-group be correctly named a working group; and to note that the carbon risk audit was carried out on the Fund's equity portfolios.

Matters arising were noted, including progress on a performance report from LCIV to the Committee; confirmation that the Chair had met with the Local Pension Board Chair and that invitations to Committee meetings were also being sent to her; confirmation that Bola had written to the LCIV regarding the

Baillie Gifford fund and would send a copy of the correspondence to Members; confirmation that the meeting had taken place with the LCIV on the renewables fund; and confirmation that the required procedural process was being followed in respect of the Independent Person specification.

4
CHAIRS UPDATE

Updates from the Chair were covered in the previous item.

5
REPORTS AND RECOMMENDATIONS FROM PPIC SUB GROUP - PART 2

AGREED in accordance with the principles of Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the following items of business (item 5, 6, 7 and 8) on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

Following Part 2 discussion of the reports and recommendations received in the supplementary agenda pack, Members' questions were responded to by the Aon representatives and the Finance Director and Members' comments were noted.

AGREED

1. To note the contents of the report and Aon's report on Hedge Fund redemption and surplus cash, appended as confidential appendix 1.
2. To approve the Fund rebalancing proposal as prepared in appendix 1 of the report.
3. To note the meeting notes of the PPIC working group of 14 October 2022 and LCIV Renewable Infrastructure Fund presentation to the PPIC working group (appended as appendix 3b) at their meeting of 9 November 2022 (appended as appendix 3c).
4. That Aon to prepare further information in respect of allocation and investment to infrastructure funds.

6
RISKS WITHIN THE ENFIELD PENSION FUND'S INVESTMENTS PLUS AON'S VIEW ON THE STRATEGY AND ASSET ALLOCATION - PART 2

Following a part 2 discussion the report was NOTED.

In response to Members' request, Bola would send a glossary of acronyms to all Committee Members.

7
ECONOMIC, MARKET AND INVESTMENT OUTLOOK - PART 2

NOTED the report.

8
ENFIELD PENSION FUND INVESTMENTS & ASSET MANAGERS DASHBOARD FOR SEPTEMBER 2022 - PART 2

Following a part 2 discussion, the report was NOTED.

9
QUARTERLY INVESTMENT PERFORMANCE MONITORING REPORT

Following a brief adjournment, the meeting resumed in part 1.

Exposure to emerging markets was highlighted.

Insight Absolute Return Fund and the recommendation from Bola, supported by Aon, had been discussed earlier in the meeting under item 8.

NOTED the report.

AGREED the Insight Absolute Return re-alignment as recommended.

10
LONDON COLLECTIVE INVESTMENT VEHICLE (CIV) QUARTERLY UPDATE AS OF SEPTEMBER 2022

It was confirmed that 13 boroughs were investing in the LCIV Renewable Infrastructure Fund currently.

NOTED the report.

11
ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT AS OF 30 SEPTEMBER 2022

Bola would send a link to Committee Members to Trucost analysis.

NOTED the report and the attached Appendix 1.

12
MINUTES OF PENSION BOARD MEETING OF 15 SEPTEMBER 2022

Bola would provide data to Committee Members in respect of number of members leaving or opting out of the pension scheme or taking the 50/50 option.

NOTED the minutes of the Local Pension Board meeting held on 15 September 2022.

13
DLUHC'S CONSULTATION "LOCAL GOVERNMENT PENSION SCHEME (ENGLAND AND WALES): GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS"

The proposed metrics set out in para 21 of the report were highlighted.

The DLUHC's consultation ended on 24 November 2022 and a response would be submitted to meet the deadline. Members were invited to comment on the proposed Enfield Pension Fund response.

Bola would submit a further report on climate-related financial disclosures to the next meeting of the committee.

AGREED

1. To note the contents of the report.
2. To note the response from London CIV attached as appendix 1, and Local Authority Pension Fund Forum as appendix 2.
3. To note the proposed Enfield Pension Fund response in appendix 3 and that the final version of the response would be submitted in consultation with the Chair.

14
THANKS

As Daniel Carpenter was leaving Aon, and this was his last meeting in attendance, the committee expressed their thanks to him for all his work over the last 17 years.

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London Borough of Enfield

PENSION BOARD

Meeting Date: 15 December 2022

Subject:	**London Collective Investment Vehicle (CIV) Quarterly Update as of September 2022**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

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

Proposal(s)

2. The 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 October 2022, the London CIV - Enfield Quarterly Investment Report for September 2022.

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

Date of report 29th November 2022

Appendices
Appendix 1 – London CIV Business Update **(Confidential & exempt Report)**
Appendix 2 – London CIV - Enfield Quarterly Investment Report September 2022 **(Confidential & exempt Report)**

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

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Agenda Item 14

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London Borough of Enfield

ENFIELD PENSION BOARD

Meeting Date: 15 December 2022

Subject:	**Triennial Valuation Results For 2022 and Review of Funding Strategy Statement for Enfield Pension Fund**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

This report provides the Pension Board with an update on the Fund's 2022 triennial actuarial valuation. It sets out the initial results of the valuation and also presents a draft of the Fund Funding Strategy Statement which has been reviewed by the Committee prior and also been sent out for consultation with the Fund employers. The Fund actuary will be attending the Pension Board meeting to provide training and discuss the results in more detail.

Over the three year valuation cycle to 31 March 2022 the funding level has increased to 104%	The Fund is still in surplus from surplus position of £39.3m as at 31st March 2019 with a gain of £13.2m to a surplus position of £52.5m as at 31st March 2022.
The Fund's asset has increased over the period, by £339m, and liabilities increased by £324m	The Fund's assets were £1,185m and the value of the liabilities was £1,146m, which created a surplus position of £39.3m, and a funding ratio of 103% in 2019. In 2022, Fund's assets were £1,523m and the value of the liabilities was £1,470m, which generated a surplus of £53m over the period with a funding ratio of 104%.
The key elements of gain or loss leading to this change in funding level are investment profit and loss from change in financial assumptions	The main changes to the assumptions are: i) Investment returns above the discount rate adopted at the 2019 valuation, given rise to a gain of about £169m ii) The fall in the real discount rate relative to inflation given rise to £192m loss (which on its own worsened the funding position).

Aggregate Employers contribution rate change from 20% to 18.9%	Employee's contributions are set by the Government, so employers must pay the balance of any cost in delivering the benefits to members. The cost of future benefits on the 2022 valuation result has decreased moderately.
The actuary expectation at this meeting and next step to their process are outlined as follows	i) Discuss their initial results and agree initial funding target ii) Agree contributions for London Borough of Enfield Pension Fund iii) Present initial results (on agreed funding target) to employers at Employers' Meeting January 2023 iv) Consultation on Funding Strategy Statement (from 6th October to 5th December 2022) v) Finalise all employer results – October 2022 to January 2023 vi) Sign off valuation report and Rates & Adjustments Certificate – by 31 March 2023

Proposal(s)

1. Members are recommended to:

   a) Note the contents of this report;

   b) Note the Fund Actuary will be presenting updates at this meeting as part of the training section for members;

   c) Note the approved initial results of 31st March 2022 triennial actuarial valuation attached to this report as Appendix 1;

   d) Note the draft Funding Strategy Statement (FSS) of the Enfield Pension Fund attached to this report as Appendix 2; and

Reason for Proposal(s)

2. The Committee acts as quasi-trustee to the Pension Fund and as such acts in the capacity of the Administering Authority of the Pension Fund. The Committee's terms of reference require that the Annual Report and Accounts on the activities of the Fund are presented and approved prior to their publication.

3. Regulation 58 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) together with the guidance issued by CIPFA provides the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS).

4. Following consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement setting out its funding strategy with all relevant interested parties involved with the fund – for example, local authority employers, admitted bodies, scheduled/resolution bodies.

5. The administering authority will prepare and publish its funding strategy by having have regard to: -

   i) the guidance issued by CIPFA for this purpose; and

   ii) the Investment Strategy Statement (ISS), whichever is appropriate.

6. The FSS will be revised and published whenever there is a material change in either the policy on the matters set out in the FSS or the statement of investment principles or investment strategy statement.

7. The revised FSS should be completed and approved by the Pension Policy & Investment Committee (or equivalent) prior to the completion of each valuation.

8. The Fund actuary must have regard to the FSS as part of the fund valuation process.

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. The 2022 initial valuation results demonstrated the funding position of the **Fund as a whole** has moderately improved.

13. The valuation report is set out in Appendix 1. The highlights are, since the last valuation was carried out as at 31st March 2019:

    i) The funding level has improved from 103% to 104%.

    ii) In monetary terms the Fund is still in surplus from surplus position of £39.3m at 31st March 2019 and has improved slightly by £13.2m to a surplus position of £52.5m at 31st March 2022.

    iii) The Fund's assets were £1,185.5m and the value of the liabilities was £1,146.2m, which created a surplus of £39.3m, with a funding ratio of 103% in 2019. For 2022, Fund's assets were £1,523m and the value of the liabilities was £1,470m, which generates a surplus of £53m and a funding ratio of 104% in 2022 as shown below.

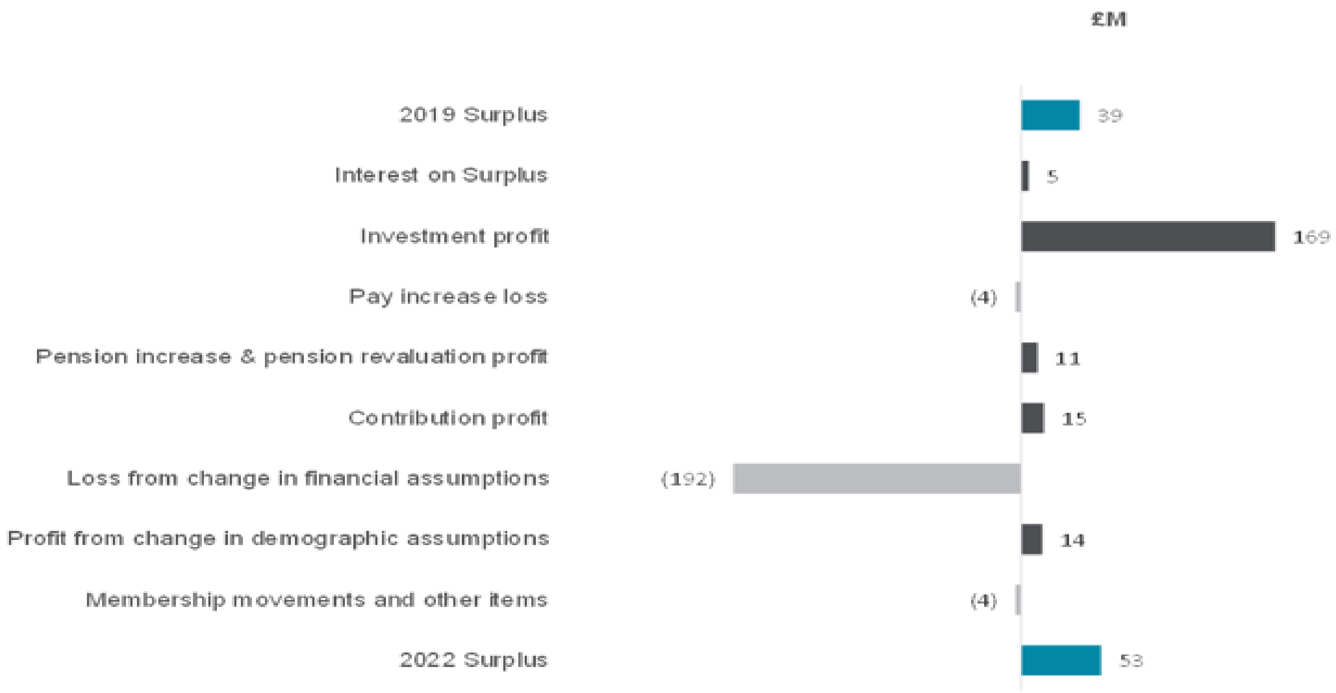
The initial results calculated using the different bases are shown below alongside the results from the previous valuation.

	31 March 2019	Initial valuation results at 31 March 2022		31 March 2022
£M	2019 valuation results	5% loading for inflation risk	10% loading for inflation risk	Low risk / exit basis
Probability of Funding Success (PoFS)	80%	80%	80%	N/A
Assets	1,185.5	1,522.8	1,522.8	1,522.8
Past service liabilities	1,146.2	1,406.8	1,470.3	2,543.9
Split as: Actives	*360.3*	*472.0*	*493.0*	*1,005.2*
Deferreds	*245.4*	*284.6*	*297.5*	*628.7*
Pensioners	*540.5*	*650.2*	*679.8*	*910.0*
Past service surplus / (deficit)	39.3	116.0	52.5	(1,021.1)
Funding ratio	103%	108%	104%	60%

14. The table shown below analyse the change of surplus. The main reason for the for Fund to be in surplus are as follows:

   i) Investment returns above the discount rate adopted at the 2019 valuation, giving rise to a gain of approximately £169m

   ii) The fall in the real discount rate (with additional 10% margin of inflation risk) causing a £192m loss (which on its own worsened the funding position).



15. It is noticeable from the chart above, that the elements of the valuation assumptions that are controllable by the Council (investment returns, retirements & salary increases) has positively impacted the results; whereas the assumptions that are outside the Council's control (gilt yields and inflation during the valuation period) have had a negative impact on the results.

Contribution Rates

16. The contribution rates carried out by the Fund Actuary (AON) at the valuation, are made up of two elements:

i) the estimated cost of future benefits being accrued, ***(the "Primary Rate")*** – this is the cost of an officer earning an extra year of pension benefit; plus

ii) an adjustment for the funding position of the benefits accrued in the past – usually where there is a deficit in the pension fund***, (the "Secondary Rate")***. If there is a deficit/surplus there will be an increase/decrease in the employer's contribution rate, with the surplus or deficit spread over an appropriate period.

17. **Individual *Employer Contribution Rates*** - While the fund is managed as a whole, it is effectively a number of sub funds for each individual employer. This means that each employer contributes according to a contribution rate that specifically reflects the individual employer's membership profile. Under guidance from the actuary, we have continued to set deficit recovery as a percentage of pensionable pay. Employee contributions are payable in addition to the employer contributions.

18. The cost of benefits that members will earn in the Fund in future are shown below, alongside the results from the previous valuation.

	2019 valuation results	Initial valuation results
Value of benefits accruing	24.4%	24.9%
Expenses	0.7%	0.8%
Less member contributions	(6.6%)	(6.8%)
Net employer cost (Primary Rate)	18.5%	18.9%
Allowance for regulatory uncertainties	1.5%	n/a
Employer rate as % Pay	20.0%	18.9%

19. The results of the previous valuation as at 31 March 2019 were as follows:

i) The Fund's assets were £1,185m and the value of the liabilities was £1,146.2m, which corresponds to a surplus of £39.3m and a funding ratio of 103%.

ii) The assessed employer cost of future service benefits was 18.5% of pay across the Fund as a whole and 1.5% (in money terms £10.6m) to be added as an allowance for possible cost of McCloud / Cost cap for past service liability over 19 years.

iii) No additional contribution is required as the Fund is fully funded for the next 19 years provided the primary rate is maintained.

20. The results of 31 March 2022 valuation are as follows:

i) The Fund's assets were £1,523m and the value of the liabilities was £1,470m, which created a surplus of £53m and a funding ratio of 104%.

ii) ***Primary rate*** - the assessed employer cost of future service benefits was 18.9% of pay across the Fund as a whole.

iii) ***Secondary rate*** - no additional contribution is required as the Fund is fully funded for the next 19 years provided the primary rate is maintained.

Membership

21. The Fund Actuary has conducted high level checks on the membership data provided and are satisfied with its adequacy for the purpose of this actuarial valuation.

22. The results are based on membership data as at 31 March 2022:

i) Original membership data provided by the Administering Authority on 30 June 2022

ii) Additional data provided by the Administering Authority on 22 July 2022 in response to our data queries, which we substituted into the original data

iii) We estimated some data as set out in reports dated 23 September 2022

23. A summary of the final data used is set out below. Average ages are unweighted, and pensions include the April 2022 revaluation/pension increase.

Active members

	Number	Average age	Total pensionable salaries (2014 scheme definition) (£000 pa)	Total pre 2014 pension (£000 pa)	Total pre 2014 accrued lump sum (£000)	Total post 2014 pension (£000pa)
Male	1,989	46.2	63,319	3,415	4,858	5,811
Female	6,357	47.5	137,265	6,660	8,340	13,034
Total	8,346	47.2	200,584	10,075	13,199	18,845
Total 2019 (for comparison)	*7,740*	*46.6*	*160,780*	*11,847*	*16,274*	*11,601*

Pensionable pay is over the year to the valuation date, and includes annualised pay for new entrants during the year. Actual part-time pay is included for part-timers.

24. The Actuary has not yet reconciled the valuation results for every employer in the Fund. As part of the reconciliation, it may be necessary to update the data. The membership shown in the final valuation report may therefore differ from that shown above.

Uncertainties

25. There are a number of uncertainties regarding the benefits payable to LGPS members which may affect the valuation results. The actuary has made an approximate allowance for these uncertainties in this result, at a whole of Fund level only. These uncertainties relate to:

i) GMP equalisation and indexation after 5 April 2021

ii) The cost management process

iii) The remedy which may be agreed in relation to the McCloud/Sargeant case

26. The actuary's final valuation report is set out in Appendix 1. The Pension Fund is required by statute to publish a Funding Strategy Statement (FSS), to keep the Statement under review and to revise it whenever there is a material change in the policy set out within it.

McCloud remedy

27. The LGPS Regulations covering the McCloud remedy have not yet been laid, however there has been a ministerial statement following the July 2020 consultation which confirmed the key elements of the expected changes. The Fund Actuary has therefore valued these key elements in the 2022 valuation.

28. As the full membership data to value the proposed remedy was not available, the Fund Actuary had used approximate methods. The liabilities have been initially calculated based on the current Scheme benefits. And then calculated an additional liability to cover members where the value of members benefits earned between 1 April 2014 and 31 March 2022 is expected to be greater under the previous final salary scheme provisions than the post-reform career average provisions.

Cost management

29. Since the 2019 valuation the 2016 LGPS (E&W) cost management valuations have concluded by the Government Actuary's Department, one commissioned by the LGPS Scheme Advisory Board in accordance with the LGPS Regulations and the other commissioned by HMT in accordance with the Public Service Pensions Act 2013. Both found the costs of the scheme to be within the relevant limits such that no changes to the scheme provisions were required. However, the way in which the McCloud remedy was allowed for in the cost management process is currently subject to Judicial Review and there is a possibility that this process will need to be revisited and ultimately, additional employer costs may arise. It is possible that the outcome will not be known until after the valuation has been concluded.

30. The Fund Actuary has made no allowance within their calculations for the risk of additional costs falling on the Fund (and ultimately employers) as a result of the Judicial review process.

GMP indexation and equalisation

31. Following legislative change in 2021, the LGPS is now required to pay full CPI increases on GMPs for members whose State Pension Age is after April 2016. Separately to this, the High Court ruled in two Lloyds Banking Group cases (2018 and 2020) that schemes are required to equalise male and female benefits for the effect of unequal GMPs, and these requirements extend to members who have died and transferred out.

32. In relation to public service schemes, the Fund Actuary understand the Government believes payment of full indexation of GMPs as set out above will equalise payment terms for the vast majority of members, but some uncertainty remains for a small minority of members. The Actuary is awaiting a Government response in relation to equalisation requirements for historic deaths and transfers.

33. The Fund Actuary has valued pension increases in line with the indexation requirements. However, they have not estimated a potential cost of equalising payment terms for members whose benefits remain unequal after full indexation, nor for historic deaths or transfers.

Goodwin

34. A recent Employment Tribunal ruling relating to the Teachers' Pension Scheme concluded that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. A ministerial statement on 20 July 2020 announced that changes would be required to other public service pension schemes with similar arrangements. In the LGPS this will create an additional liability for post-2005 widowers where the original member had pre-1988 service.

35. The Government is yet to reflect this ruling within LGPS Regulations. The Fund Actuary therefore made no allowance for the Goodwin ruling in the 2022 valuation results. Although the Actuary expect the additional liability to be small.

Funding Strategy Statement (FSS)

36. The Funding Strategy Statement has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which provides the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS).

37. The FSS set out in Appendix 2 has been drawn up by the Fund’s actuary, in conjunction with Officers of the Council. The Pension Fund previously published

a FSS following the 2019 valuation and this has been updated to reflect changes made for the 2022 valuation.

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

39. As set out in the FSS the objectives of the statement are to:

a) ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;

b) ensure that employer contribution rates are reasonably stable where appropriate;

c) minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB., this will also minimise the costs to be borne by Council Tax payers);

d) reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and

e) use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

40. In addition to the objectives set out above, the FSS also sets out the different treatments for different types of employers ranging from tax raising bodies such as the Council and other scheduled bodies such as Academies to Community and Transferee Admission Bodies. Various factors are considered during the contribution setting process, including the funding target (the assets required to pay member benefits), the time horizon and the probability of reaching the funding target over that time horizon. Each of these factors may be varied according to employer type, as this will influence the level of risk posed by each employer.

41. The FSS also covers the links to investment strategy which are set out in Investment Strategy Statement. The investment strategy for the Pension Fund is set for the longer term. The investment strategy is an important and time consuming activity that the Committee needs to devote its time to. This may include dedicated strategy meetings to consider the longer term investment strategy for the Fund as well as looking at options for risk reduction over the longer term, should the funding level improve.

42. The FSS includes a number of detailed appendices covering key points around responsibilities, risks and regulations.

43. The main policy changes are set out in the updated FSS as follows:

i) Section 3.9.2: Interim reviews of contribution rates

ii) Section 3.9.8: Spreading exit debs (and at the end of this section we comment that you will not enter deferred debt arrangements)

44. In both cases wording has been added to cover off the requirements of MHCLG's statutory guidance dated 2 March 2021 and also had regard to the Scheme Advisory Board's guidance.

Other changes since 2019 are:

45. **New Passthrough policy (section 3.8.3) -** The new policy allows small admission body employers to be pooled with the letting authority so they pay the same contribution rate (in most cases this will be Enfield Council, but also academies who outsource their catering and cleaning contracts). This reduces the administration and actuarial costs of setting up these small, numerous and often short-term employers, and it helps facilitate the procurement process for these contracts too. This is adding detail to an existing policy where admission bodies with 10 or fewer members could pay the same contribution rate as Enfield Council. This includes confirming that assets and liabilities will be pooled; extending the policy to be clear this also covers situations where academies are outsourcing services; making it clear how secondary contributions will be shared when these are certified as monetary amounts, and to confirm that where a passthrough arrangement is in place the employer will not be required to pay an exit debt or receive an exit credit when they leave the Fund. Further details on this policy are included within the Employer Policy which has been updated and I suggest is consulted on alongside the updated FSS.

46. **New exit credit policy (Section 3.9.7) -** The LGPS Amendment Regulations 2018 provided for exit credits to be paid from the Fund, and your current FSS already sets out your policy for paying exit credits. However the LGPS Amendment Regulations 2020 put the onus on administering authorities to determine the amount of the exit credit, having regard to the amount of surplus that has arisen from the employer contributions paid, any representations by the employer or connected employers, and any other relevant factors. This policy has been updated to set this out.

47. Allowing for regulatory uncertainties in actuarial calculations (Section 3.7). This section has been added to be transparent that the actuary will allow for regulatory uncertainties such as the McCloud judgement when setting funding requirements.

The main changes (since the August 2021 version) are as follows:

48. Updating the wording for ill health and death in service dependants' pension risk sharing to say this will not apply from April 2022 (page 14).

49. Updated wording for regulatory/benefit risks (pages 11 and 12)

50. Addition of climate change risk (page 35).

51. Updating references of MHCLG to DLUCH.

52. The Fund Actuary presented the triennial valuation results to the PPIC on 5th October 2022 and the below listed actions has been taken or to take place:

    i) The initial results were discussed and initial funding target was agreed
    ii) Contributions for London Borough of Enfield Pension Fund was agreed
    iii) It was agreed for the Funding Strategy consultation with the Fund Employers to take place between 6th October to 7th November 2022.
    iv) The Fund Actuary is in the process of finalising individual employers' results – October 2022 to December 2022
    v) Present initial results (on agreed funding target) to employers at Employers' Meeting January 2023
    vi) Sign off valuation report and Rates & Adjustments Certificate – by 31 March 2023

53. Following the consultation, the FSS will be considered and approved by the Committee at its January 2023. Comments received from consultation will be brought to the attention of the Committee.

54. The Board are asked to note and comment on the process, the triennial valuation results and the Funding Strategy Statement.

Safeguarding Implications

55. 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

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

Equalities Impact of the Proposal

57. 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

58. 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

59. All material, financial and business issues and possibility of risks have been considered and addressed within the report and its appendices, and that the actuarial report and funding strategy statement will provide the Pension Fund with a solid framework in which to achieve a full funding status over the long term.

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

60. The Funding Strategy Statement forms part of the broader framework for funding and management of the Enfield Pension Fund. It sets out how the Fund will approach the future funding of its liabilities and the recovery periods for recovering any deficit.

Financial Implications

61. Most of the Fund's benefits are increased annually both before retirement (revaluation) and after retirement (pension increases), by reference to the change in the Consumer Price Index (CPI)

62. Aon recommends the CPI inflation assumption of 2.3% which is the long term (30 year) best estimates based on Aon's Capital Markets Assumptions (CMAs), with further adjustment for short term inflationary pressures applying at this valuation

63. So, at this valuation Aon propose to increase past service liabilities for funding targets that are not gilt based by 5% to allow for the 6 months of high inflation not reflected in the CMAs, and to reduce the impact of adverse inflation experience on the liabilities at the next valuation

64. Broadly it is equivalent to assuming CPI will be in the region of 5% for Year 1, followed by 2.2% p.a., thereafter. When combined with the recommended 5% uplift covering high inflation for the 6 months to 31 March 2022 this is equivalent to allowing for a pension increase of around 10% in April 2023, then 2.2% p.a. thereafter

65. But CPI inflation was 7% p.a. (year to March 2022). Aon's assumptions are based on CMAs as at 31 March 2022, however the April 2023 pension increase will be based on the full year CPI from September 2021, and in the 6 months since September 2021, CPI inflation has been 4.2% (an annual rate of 8.5%).

66. Hence officers opted for a prudent option, which include a 10% risk margin rather than the recommended 5% inflation uplift margin. The opted option is alternative result 1 as officers envisage the risk of inflation being higher than the Fund Actuary assumption, and as a consequence this will increase the pensions that need to be paid during the valuation period.

Strategy	Balance Sheet at This Valuation (£M)		Current Contributions			Theoretical Contributions 2023/24					
	Surplus / (Shortfall)	Funding Level	Current Rate	Current Additional Monetary Amount £s	Equivalent Total Rate (based on current pay)	Recovery Period (years)	Primary Contribution Rate	Secondary Contribution Additional Amount £s	Secondary Contribution Reduction % pay	Equivalent Total Rate (based on current pay)	Change in total rate
Initial valuation result: 5% inflation risk loading, 105% surplus buffer	95.542	107.6%	20.2%	0	20.2%	19	19.1%		(1.3%)	17.8%	-2.4%
Alternative result 1: 10% inflation risk loading, 105% surplus buffer	38.652	102.9%	20.2%	0	20.2%	19	19.1%			19.1%	-1.1%
Alternative result 2: 5% inflation risk loading, 110% surplus buffer	95.542	107.6%	20.2%	0	20.2%	19	19.1%			19.1%	-1.1%

67. Alternative result 1 indicates the funding level for London Borough of Enfield (as a single employer) stands at 103%, improved slightly from 102% from 2019 valuation outcome as shown in the table above.

68. The employers' contribution rate for the London Borough of Enfield (as a single employer) is currently set at 20.2% for 2022/23. The slight improvement to the funding level of the Fund has brought about a reduced contribution rate of 19.1%.

69. There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.

Legal Implications

70. The Constitution delegates to the Pension Policy & Investment Committee the function of setting the overall strategic objectives for the Pension Fund.

71. Regulation 58 of the Local Government Pension Scheme Regulations 2013 requires the Council as an administering authority to publish and maintain a funding strategy statement.

72. When preparing, maintaining or publishing the funding strategy statement, the Council is required to make such revisions as it considers appropriate following material change to the policy set out in the statement; any revisions must be made following consultation with such persons as the Authority considers appropriate.

73. When reviewing the funding strategy statement, the Council is required to have regards to:
   i) the CIPFA Pensions Panel Guidance on Preparing and Maintaining a Funding Strategy Statement; and

ii) the Council's statement of investment principles/Investment Strategy Statement.

74. The review of the funding strategy statement has been undertaken by the Fund Actuary and Fund officers with reference to a and b above as required.

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

Workforce Implications

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

Other Implications

77. None

Options Considered

78. There is no alternative because the requirements to carry out the triennial revaluation and prepare a Funding Strategy Statement are prescribed in regulations

Conclusions

79. Aon's best estimate CPI inflation assumption of 2.3% p.a. was based on Aon's Capital Markets Assumptions (30 year assumption) at 31 March 2022 allows for a short term inflation spike followed by longer term trend back towards the Bank of England target.

80. Short term inflation expectations have increased so the additional +5% uplift to liabilities to allow for inflation between 1 October 2021 and 31 March 2022 being higher than 2.3% p.a., which will feed into the April 2023 pension increase (noting 2.3% p.a. is forward-looking from 31 March 2022 but the April 2023 pension increase is likely to be based on inflation in the year to 30 September 2022 although this cannot be guaranteed.

81. So, there is around a 15% chance inflation over the next three years will be 5% higher than the assumptions that the Fund actuary have used in their initial valuation result. The impact of this on benefit payments in isolation would worsen the funding ratio, although this may be partly offset by lower medium term inflation.

82. Hence officers opted for a prudent option, which include a 10% inflation risk margin rather than the 5% inflation uplift margin recommended by the Fund

Actuary. The opted option is alternative result 1 as officers envisage the risk of inflation being higher than the Fund Actuary assumption, and as a consequence this will increase the pensions that need to be paid during the valuation period.

83. The Fund's asset increased over the three years period by £339m, and liabilities increased by £324m.

84. The Fund's assets were £1,523m and the value of the liabilities was £1,470m, which generated a surplus of £53m over the period with a funding ratio of 104%.

85. The main changes to the assumptions are:

i) Investment returns were above the discount rate of 4.2% per annum adopted at the 2019 valuation, given rise to a gain of about £169m.

ii) The fall in the real discount rate relative to inflation given rise to £192m loss (which on its own worsened the funding position).

86. The aggregate Employers contribution rate change from 20% to 18.9%

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Date of report 30th November 2022

Appendices
Appendix 1 – Triennial Actuarial Valuation Results for 2022 (Confidential)
Appendix 2 – Funding Strategy Statement (September 2022)

Background Papers - None

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

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Appendix 2

London Borough of Enfield Pension Fund

Funding Strategy Statement

September 2022

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

Resources Department
Enfield Council
Civic Centre, Silver Street
Enfield EN1 3XY
www.enfield.gov.uk

Pension Policy and Investment Committee

Funding Strategy Statement

1. Introduction

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

It has been reviewed by the Administering Authority in collaboration with the Fund's Actuary, Aon. This revised version replaces the previous FSS and is effective from [DATE].

1.1 Regulatory Framework

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

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

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

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

The Administering Authority has had regard to the supplementary statutory guidance issued by MHCLG (now DLUHC): Guidance on preparing and maintaining policies on review of employer contributions, employer exit payments and deferred debt agreements. The Administering Authority has also considered the Scheme Advisory Board's Guide to Employer Flexibilities for Administering Authorities and Employers.

In addition, the Administering Authority has had regard to the Fund's Investment Strategy Statement published under Regulation 7 of the Local Government Pension

Scheme (Management and Investment of Funds) Regulations 2016 (the Investment Regulations).

1.2 Review of FSS

The FSS is reviewed in detail at least every three years ahead of the triennial valuation being completed.

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

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries please contact Bola Tobun in the first instance at bola.tobun@enfield.gov.uk or on 0208 132 1588

2. Purpose

Purpose of FSS

The Department for Levelling Up, Housing and Communities (DLUHC) states that the purpose of the FSS is to set out the processes by which the Administering Authority:

"establishes a ***clear and transparent fund-specific funding strategy,*** *that will identify how employers' pension liabilities are best met going forward;*

supports desirability of maintaining ***as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013****;*

ensures that the regulatory requirements to set contributions so as to ensure the ***solvency and long-term cost efficiency*** *of the Fund are met;*

takes a ***prudent longer-term view*** *of funding those liabilities."*

These objectives are desirable individually but may be mutually conflicting.

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

2.2 Purpose of the Fund

The Fund is a vehicle by which scheme benefits are delivered. The Fund:
receives contributions, transfers in and investment income; and pays scheme benefits, transfers out, costs, charges and expenses as defined in the LGPS Regulations and as required in the Investment Regulations.

Three objectives of a funded scheme are:

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

ii) not to unnecessarily restrain the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk; and

iii) to help employers recognise and manage pension liabilities as they accrue, with consideration to the effect on the operation of their business where the Administering Authority considers this appropriate.

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

The roles and responsibilities of the key parties involved in the management of the pension scheme are summarised in Annex 1.

2.3 Aims of the Funding Policy

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

a. to comply with regulation 62 of the LGPS Regulations, and specifically:

b. to ensure that sufficient funds are available to meet all benefits as they fall due for payment;

c. to ensure the long-term solvency and long term cost efficiency of the Fund as a whole and the solvency of each of the sub-funds notionally allocated to individual employers, which should be assessed in light of the risk profile of the Fund and Employers;

d. to minimise the degree of short-term change in the level of employers' contributions where the Administering Authority considers it reasonable to do so;

e. to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations;

f. to address the different characteristics of the disparate employers or groups of employees, to the extent that this is practical and cost effective; and

g. to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

3.1 Derivation of Employer Contributions

Employer contributions are made up of two elements:

i) the estimated cost of future benefits being accrued, referred to as the "*future service rate*" or the Primary Contribution Rate as defined in Regulation 62(5) of the LGPS Regulations 2013; plus
ii) an adjustment for the funding position of accrued benefits relative to the Fund's funding target, and any other adjustment by reasons of circumstances peculiar to the employer, which together make up the Secondary Contribution Rate as defined in Regulation 62(7) of the LGPS Regulations 2013. If there is a surplus there may be a contribution reduction. If there is a deficit, there may be a contribution addition, with the surplus or deficit spread over an appropriate period.

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

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

3.2 Funding Principle

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

3.3 Funding Targets

Risk Based Approach

The Fund utilises a risk based approach to funding strategy.

A risk based approach entails carrying out the actuarial valuation on the basis of the assessed likelihood of meeting the funding objectives, rather than relying on a 'deterministic' approach which gives little idea of the associated risk. In practice, three key decisions are required for the risk based approach:

a. what the Solvency Target should be (the funding objective - where the Administering Authority wants the Fund to get to),

b. the Trajectory Period (how quickly the Administering Authority wants the Fund to get there), and

c. the Probability of Funding Success (how likely the Administering Authority wants it to be now that the Fund will actually achieve the Solvency Target by the end of the Trajectory Period).

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

These three terms are considered in more detail below.

Solvency Target and Funding Target

Solvency and Funding Success

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

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

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

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

For Admission Bodies without a guarantor of sound covenant agreeing to subsume assets and liabilities following exit, and other bodies whose liabilities are expected to be orphaned following exit, the required Solvency Target will typically be set at a more prudent level dependent on circumstances. For most such bodies, the chance of achieving solvency will be set commensurate with assumed investment in an appropriate portfolio of Government index linked and fixed interest bonds after exit.

Probability of Funding Success

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

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

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

Funding Target

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

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

The discount rate, and hence the overall required level of employer contributions, has been set at the 2022 valuation such that the Fund Actuary estimates there is an 80% chance that the Fund would reach or exceed its Solvency Target after 25 years.

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

a. Primary contribution rates are set by use of the Projected Unit valuation method for most employers. The Projected Unit method is used in the actuarial valuation to determine the cost of benefits accruing to the Fund as a whole and for employers who continue to admit new members. This means that the contribution rate is derived as the cost of benefits accruing to employee members over the year following the valuation date expressed as a percentage of members' pensionable pay over that period.

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

Application to different types of body

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

Scheduled Bodies and certain other bodies of sound covenant

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

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

a. the type/group of the employer

b. the business plans of the employer;

c. an assessment of the financial covenant of the employer;

d. any contingent security available to the Fund or offered by the employer such as a guarantor or bond arrangements, charge over assets, etc.

Admission Bodies and certain other bodies whose participation is limited

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

Full funding

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

3.5 Ongoing Funding Basis

Demographic assumptions

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

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

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

Financial assumptions

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

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

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

3.6 Primary or Future Service Contribution Rates

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

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

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

3.7 Adjustments for Individual Employers

Notional sub-funds

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

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

Roll-forward of notional sub-funds

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

Further adjustments are made for:

i. A notional deduction to meet the expenses paid from the Fund in line with the assumption used at the previous valuation.

ii. Allowance for any known material internal transfers in the Fund (cashflows will not exist for these transfers). The Fund Actuary will assume an estimated cashflow equal to the value of the Cash Equivalent Transfer Value (CETV) of the members transferring from one employer to the other unless some other approach has been agreed between the two employers.

iii. Allowance for death in service benefits, ill-health retirement costs (see 3.8.2) and any other benefits shared across all employers.

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

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

i. Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is of low materiality, estimated cashflows will be used.

ii. Where, in the opinion of the Fund Actuary, the cashflow data which is unavailable is material, the Fund Actuary will instead use an analysis of gains and losses to roll forward the notional sub-fund. Analysis of gains and losses methods are less precise than use of cashflows and involve calculation of gains and losses relative to the surplus or deficit exhibited at the previous valuation. Having established an expected surplus or deficit at this valuation, comparison of this with the liabilities evaluated at this valuation leads to an implied notional asset holding.

iii. Analysis of gains and losses methods will also be used where the results of the cashflow approach appears to give unreliable results, perhaps because of unknown internal transfers.

Fund maturity

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

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

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

Attribution of investment income

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

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

Allowance for expected changes to the Scheme or the Scheme's benefits

There is currently uncertainty associated with the benefit structure at the current time including:

a. The timing and detail of any regulations in relation to the remedy to compensate members for illegal age discrimination following the outcome of the McCloud/Sargeant cases.

b. For the purposes of the 2022 valuation, an approximate employer specific allowance will be made in respect of the McCloud remedy based upon a high-level analysis of the employer's fund membership. Members' benefits will be valued broadly as required by relevant legislation as in force as at 31 March 2022.

c. The outcome of the cost management process as at 31 March 2020.

d. The Goodwin case in which an Employment Tribunal ruled (in relation to the Teachers' Pension Scheme) that the less favourable provisions for survivor's benefits of a female member in an opposite sex marriage compared to a female in a same sex marriage or civil partnership amounts to direct discrimination on grounds of sexual orientation. It is expected that changes will be made to the LGPS Regulations to reflect the ruling, but no changes have yet been proposed.

The Administering Authority will consider any guidance on these issues and will consider the appropriate allowance to make for employers in the Fund at the 2022 valuation and those joining the Fund after the 2022 valuation, taking account of the Fund Actuary's advice.

3.8 Stability of Employer Contributions

3.8.1 Recovery and Trajectory Periods

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

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

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

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

The Administering Authority recognises that a large proportion of the Fund’s liabilities are expected to arise as benefit payments over long periods of time. For employers of sound covenant, the Administering Authority is prepared to agree to recovery periods which are longer than the average future working lifetime of the membership of that employer. The Administering Authority recognises that such an approach is consistent with the aim of keeping employer contribution rates as nearly constant as possible. However, the Administering Authority also recognises the risk in relying on long Recovery Periods for employers with a deficiency and has agreed with the Fund Actuary a limit of 16 years, for employers with a deficiency which are assessed by the Administering Authority as being long term secure employers. For surplus recovery (where applicable) in relation to employers in surplus, the Administering Authority has agreed with the Fund Actuary that a Recovery Period of 19 years will normally be used, or for employers with a fixed term of participation the remaining term of participation may be used as the Recovery Period.

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

3.8.2 Grouped / Pooled contributions

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

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

Where an employer is admitted to a pool for funding purposes, this will only occur with the consent of that employer. Different policies apply to employers subject to passthrough pooling arrangements (see below).

Between April 2019 and April 2022 all employers in the Fund were pooled together in respect of the risks associated with payment of lump sum and spouses pension benefits on death in service as well as ill-health retirement costs – in other words, the cost of such benefits is shared across the employers in the Fund. Such benefits can cause immediate funding strains which could be significant for some of the smaller employers without insurance or sharing of risks. The Fund, in view of its size, does not see it as cost effective or necessary to insure these benefits externally and this is seen as a pragmatic and low-cost approach to spreading the risk. With effect from April 2022 these risks will no longer be shared due to the introduction of the passthrough pooling arrangements (see 3.8.3) which considerably reduces the number of small employers for whom this policy was designed to protect.

3.8.3 Passthrough pooling arrangements

In the case of Admission Bodies admitted under Paragraph 1(d) of Part 3 of Schedule 2 of the LGPS Regulations, passthrough pooling arrangements will be permitted at the discretion of the relevant Scheme Employer under that regulation and the Administering Authority. In this case an Admission Body will be admitted to a Scheme Employer's funding pool (a "Pool") with the liabilities of the Admission Body being allocated to the Pool. No notional asset sub-fund will be determined for the Admission Body. Contributions for employers within a Pool will be calculated using appropriate methods and assumptions, considering the circumstances of the employers participating in a Pool in aggregate, in accordance with the principles set out within this Statement.

In particular:

In accordance with the 2013 Regulations, the Primary Contribution Rate will be expressed as a percentage of the Pensionable Pay (as defined under Regulation 20 of the 2013 Regulations) of those employees of the employers of the Pool who are active members of the Fund. There will be a common Primary Contribution Rate applied to all employers in the Pool.

For the purpose of certifying a Secondary Contribution Rate to ongoing employers in the Pool:

i. any deficit of the Fund relating to the participation of the employers in the Pool in aggregate will be assigned to all the employers of the Pool collectively. The Secondary Contribution Rate of the Pool will be shared between the employers in the Pool in proportion to Pensionable Pay. This will either be effected through certification of the Secondary Contribution Rate as a percentage of Pensionable Pay, or certification of a stream of additional capital payments that will be allocated between the Pool participants in proportion to Pensionable Pay at the relevant valuation date.

ii. any surplus of the Fund relating to the participation of the employers in the Pool in aggregate will be assigned to all the employers of the Pool collectively. The assignment will be as a percentage reduction to the Primary Contribution Rate of the Pool.

In the case of Admission Bodies admitted under Paragraph 1(d) of Part 3 of Schedule 2 of the LGPS Regulations, where 10 or fewer employees who are eligible for LGPS membership are transferring to the Admission Body on the commencement date of that agreement or where the contract is a school catering or school cleaning contract, the Administering Authority may in its absolute discretion impose a passthrough pooling arrangement with the relevant Scheme Employer, unless there is a an express request from either the relevant Scheme Employer or Admission Body that this should not apply. Further details of a pooled passthrough arrangement as they apply to an employer entering the Pool will be set out in the employer's Admission Agreement.

3.8.4 Stepping

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

3.8.5 Long-term cost efficiency

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

- The implied average deficit recovery period, allowing for the stepping of employer contribution changes where applicable;

- The investment return required to achieve full funding over the recovery period; and

- How the investment return compares to the Administering Authority's view of the expected future return being targeted by the Fund's investment strategy

3.8.6 Inter-valuation funding calculations

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

Special Circumstances related to certain employers

Interim reviews for employers which may exit the Fund

Regulation 64(4) of the LGPS Regulations provides the Administering Authority with a power to carry out valuations in respect of employers which are expected to cease at some point in the future, and for the Fund Actuary to certify revised contribution rates, between triennial valuation dates.

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

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

- Where the date of exit is known, and is more than three years hence, or is unknown and assumed to be indefinite, interim valuations will generally not be carried out at the behest of the Administering Authority.

- For Admission Bodies falling into the above category, the Administering Authority sees it as the responsibility of the relevant Scheme Employer to instruct it if an interim valuation is required. Such an exercise would be at the expense of the relevant Scheme Employer unless otherwise agreed.

- A material change in circumstances, such as the date of exit becoming known, material membership movements or material financial information coming to light may cause the Administering Authority to informally review the situation and subsequently formally request an interim valuation (using Regulation 64A if required).

- For an employer whose participation is due to cease within the next three years, the Administering Authority will keep an eye on developments and may see fit to request an interim valuation at any time, however interim reviews will not normally be undertaken for employers participating on pooled passthrough terms.
- Notwithstanding the above guidelines, the Administering Authority reserves the right to request an interim valuation of any employer at any time if Regulation 64(4) applies.

Interim reviews of contribution rates

The Administering Authority may consider reviewing employer contributions between formal valuations in the following circumstances as permitted by Regulation 64A:

- it appears likely to the Administering Authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;

- it appears likely to the Administering Authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or

- the Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review.

For the avoidance of doubt, the Administering Authority will not consider a review of contributions under Regulation 64A purely on the grounds of a change in market conditions affecting the value of assets and/or liabilities.

In determining whether or not a review should take place under Regulation 64A, the Administering Authority will consider the following factors (noting that this is not an exhaustive list):

i. the circumstances leading to the change in liabilities arising or likely to arise, for example due to the restructuring of an employer, a significant outsourcing or transfer of staff, the loss of a significant contract, closure to new entrants, material redundancies, significant pay awards, or other significant changes to the membership due to ill-health retirements or voluntary withdrawals

ii. the materiality of any change in the employer's membership or liabilities, taking account of the Fund actuary's view of how this might affect its funding position, primary or secondary contribution rate;

iii. whether, having taken advice from the Fund actuary, the Administering Authority believes a change in funding target or deficit recovery period would be justified, e.g. on provision or removal of any security, subsumption commitment, bond, guarantee, risk-sharing arrangement, or other form of indemnity in relation to the employer's liabilities in the Fund;

iv. the materiality of any change in the employer's financial strength or longer-term financial outlook, based on information supplied by the employer and supported by a financial risk assessment or more detailed covenant review carried out by the Fund actuary or other covenant adviser to the Fund;

v. the general level of engagement from the employer and its adherence to its legal obligations, including the nature and frequency of any breaches such as failure to pay contributions on time.

The Administering Authority may carry out a review at any time during the valuation cycle where it becomes aware that a review is required. In such cases the employer will be expected to provide the requested information within one month of request and the review will be completed within six weeks of the provision of all requested information, or completion of the risk/covenant assessment if later. The requested information may include information in relation to the employer’s financial position and business plans.

It is expected that in most cases the employer will be aware of the proposed review of their contributions since this will be triggered by an employer's action and employers should be aware of the need to engage with the Fund in relation to any activity which could materially affect their liabilities or ability to meet those liabilities

Where contributions are being reviewed for an employer with links to another employer in the Fund, particularly where this is a formal organisational or contractual link, e.g. a formal guarantee, subsumption commitment or risk sharing arrangement is in place, the Administering Authority will consider the potential risk and impact of the contribution review on those other employer(s), taking advice from the Fund actuary as required.

It should be noted that the fact of a review being carried out does not automatically mean that contributions will be amended (up or down) since that will depend upon the materiality of the changes and other factors such as the outcome of discussions with the employer and any related employer in the Fund and the proximity to the next formal valuation.

Where, following representations from the employer, the Administering Authority is considering not increasing the employer's contributions following a review, despite there being good reason to do so from a funding and actuarial perspective, e.g. if it would precipitate the failure of the employer or otherwise seriously impair the employer's ability to deliver its organisational objectives or it is expected that the employer's financial position will improve significantly in the near-term, the Administering Authority will consult with any related employers with a view to seeking their agreement to this approach.

The Administering Authority will consult with the employer on the timing of any contribution changes and there will be a minimum of four weeks' notice given of any contribution increases. In determining whether, and when, any contribution changes are to take effect the Administering Authority will also consider the timing of contribution changes following the next formal valuation. As a result, contribution reviews are unlikely to be carried out during the 12 month period from the valuation date although if there were any material changes to the expected amount of liabilities arising or the ability of the employer to meet those liabilities during that period, this should be taken into account when finalising the Rates and Adjustments Certificate as part of the valuation.

Where the request for a review comes from the employer, before submitting their request, the employer should consider the regulatory requirements and the Fund's policy as set out above and satisfy themselves that there has been a relevant change in the expected amount of liabilities or their ability to meet those liabilities. The employer should contact the Administering Authority and complete the necessary information requirements for submission to the Administering Authority in support of their application.

The Administering Authority will consider the employer's request and may ask for further information or supporting documentation/evidence as required. The Administering Authority will take actuarial advice as required when determining if a review is justified. Employers should be aware that all advisory fees, including actuarial, legal and any other costs incurred by the Fund associated with a contribution review request, whether or not this results in contributions being amended, will be recharged to the employer.

3.9.3 Guarantors

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

i. If an employer ceases and defaults on any of its financial obligations to the Fund, the Guarantor is expected to provide finance to the Fund such that the Fund receives the amount certified by the Fund Actuary as due, including any interest payable thereon.

ii. If the Guarantor is an employer in the Fund and is judged to be of suitable covenant by the Administering Authority, the Guarantor may defray some of the financial liability by subsuming the residual liabilities into its own pool of Fund liabilities. In other words, it agrees to be a source of future funding in respect of those liabilities should future deficiencies emerge.

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

3.9.4 Bonds and other securitization

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

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

Where for any reason it is not desirable for an Admission Body to enter into an indemnity bond, the Admission Body is required to secure a guarantee in a form satisfactory to the Administering Authority from an organisation who either funds, owns or controls the functions of that Admission Body or, in the case of an Admission Body falling within the description in paragraph 1(d), the Scheme Employer referred to in that paragraph.

Where the Scheme Employer is the guarantor for a paragraph 1(d) body, the Admission Body may be required to pay additional employer contributions to the Fund at a rate specified by the Administering Authority. In this event, any additional contributions would be credited to the Scheme Employer's notional share of the Fund's assets.

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

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

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

3.9.5 Subsumed liabilities

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

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

3.9.6 Orphan liabilities

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

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

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

3.9.7 Cessation of participation

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

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

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

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

The exit valuation will also make allowance for prospective liabilities arising from expected changes to the Scheme or its benefits.

For an Admission Body, who has been admitted into a passthrough pooling arrangement, any exit payment or credit (within the meaning of the 2013 Regulations) will be deemed to be nil.

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

Where there is an agreement between the departing employer and the accepting employer that a condition of accepting the liabilities is that there is to be no exit credit to the exiting employer on exit, all of the assets which are notionally allocated to the liabilities being accepted will transfer to the accepting employer and no exit credit will be paid to the departing employer.

In all other cases where the exit valuation above shows a surplus an exit credit will be paid to the exiting employer at the discretion of the Administering Authority within six months of the exit date, or such longer time as the Administering Authority and departing employer may agree. If the departing employer has not provided the Fund with all requisite information in order for the Fund to facilitate the exit valuation within one month of the exit date, the Administering Authority will deem the departing employer to have agreed to a longer period.

When determining the value of the exit credit the Administering Authority will take into consideration:

The extent to which there is a surplus in the Fund relating to that employer
The proportion of the surplus that has arisen because of the value of the employer’s contributions
Representations by the exiting employer and any Scheme Employer/guarantor
Any other factors considered relevant by the Administering Authority.

The Administering Authority will consider representations made by the relevant Scheme Employer/guarantor in relation to the extent to which the departing employer was responsible for the funding risk during the participation in the Fund. For example, if a contract pre dates 14 May 2018 and is silent on the treatment of an exit credit, payment will usually only be made to the departing employer if they would have also paid for an exit debt.

Any actuarial and legal costs incurred by the Administering Authority in connection with the exit will be deducted from the surplus when determining an exit credit.

3.9.8 Spreading exit debts

The starting position of the Administering Authority is that an exiting employer will be required to meet any exit liability owed as a single lump sum payment. However, the Administering Authority may allow phased exit payments as permitted under Regulation 64B. The Administering Authority's policy in relation to the spreading of exit payments under Regulation 64B is set out below.

It is envisaged that spreading of exit payments will only be considered at the request of the departing employer. The Administering Authority will then engage with the departing employer to consider its application and determine whether spreading the exit payment is appropriate and the terms which should apply.

In determining whether to permit an exit payment to be spread, the Administering Authority will consider factors including, but not limited to:

i) The ability of the employer to make a single capital payment;
ii) Whether any security is in place, including a charge over assets, bond, guarantee or other indemnity;
iii) Whether the overall recovery to the Fund is likely to be higher if spreading the exit payment is permitted.

In determining the employer's ability to make a single payment the Administering Authority will seek actuarial, covenant or legal advice as required. Where the Administering Authority considers that the employer is financially able to make a single capital payment it will not normally be appropriate for the exit payment to be spread.

The employer will be required to provide details of its financial position, business plans and financial forecasts and such other information as required by the Administering Authority in order for it to make a decision on whether or not to permit the exit payment to be spread. This information must be provided within one month of request.

In determining the appropriate length of time for an exit payment to be spread, the Administering Authority will consider the affordability of the instalments using different spreading periods for the employer. The default spreading period will be up to three years but longer periods of up to ten years may be considered where the Administering Authority is satisfied that this doesn't pose undue risk to the Fund in relation to the employer's ability to continue to make payments over the period.

Whilst the Administering Authority's preference would be for an employer to request spreading of any exit payment in advance of the exit date, it is acknowledged that this may not be possible until after the employer has exited the Fund. Where there is a guarantor or subsuming employer, the guarantor/subsuming employer will also be consulted and any agreement to spread the exit deficit may be conditional on the guarantee continuing in force during the spreading period.

For spreading periods of three years, the amount of the instalments due under an exit deficit spreading agreement will generally be calculated as level annual amounts allowing for interest over the spreading period in line with the discount rate used to calculate the exit liabilities. Alternatively, monthly payments may be required, or the Administering Authority may require a higher initial payment with lower annual payments thereafter to reduce the risk to the Fund. Alternative payment arrangements may be made where the spreading period is over three years or in exceptional circumstances. In all cases a payment arrangement will only be agreed so long as the Administering Authority is satisfied that they don't materially increase the risk to the Fund.

Where it has been agreed to spread an exit payment the Administering Authority will advise the employer in writing of the arrangement, including the spreading period, the annual payments due, any other costs payable including actuarial and legal costs and the responsibilities of the employer during the spreading period. Where a request to spread an exit payment has been denied the Administering

Authority will advise the employer in writing and provide a brief explanation of the rationale for the decision.

The Administering Authority will take actuarial, covenant, legal and other advice as considered necessary. In addition, employers will be expected to engage with the Administering Authority during the spreading period and should notify the Administering Authority of the following:

i) Any restructuring or other event (such as loss of significant contract) which could materially affect the employer's business results, including a decision to cease business
ii) A change in the employer's legal status or constitution
iii) If the employer has been judged to have been involved in wrongful trading
iv) If any directors, owners or senior officers have been convicted for an offence involving dishonesty, particularly where related to the employer's business
v) Where the employer has, or expects to be, in breach of its banking covenant
vi) Details of any improvement notice (or equivalent) served by the appropriate regulator, e.g. Education Funding and Skills Agency, Office for Students, Charity Commission, Regulator for Social Housing etc, or S114 notice for local authorities

The Administering Authority will review the employer's circumstances in the year following each triennial valuation date over which the debt is spread, or at more frequent intervals if the Administering Authority has reason to believe the employer's circumstances have changed. It will consult with the employer and a revised payment schedule may be implemented. Whilst this review may also consider the frequency of payments, it should be noted that it is not envisaged that any review will consider changes to the original exit amount nor interest rate applicable. An employer will be able to discharge its obligations under the spreading arrangement by paying off all future instalments at its discretion.

Under Regulation 64(7A) of the LGPS Regulations, an administering authority may enter into a written agreement with an exiting employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the secondary rate ("a deferred debt agreement").

The Administering Authority's policy is that deferred debt agreements will not be entered into.

3.9.9 Academies

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

New Academy conversions

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

i) Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;

ii) Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund based on what is known as a "prioritised share of fund" approach. This means that the academy will inherit an appropriate share of the deficit attributable at conversion to the London Borough of Enfield's former employees as well as the academy's own employees.

iii) Set contribution levels prior to the next valuation in line with the London Borough of Enfield's contribution rate, provided this leads to a Recovery Period for the Academy which is no longer than the Recovery Period for the London Borough of Enfield. In the latter case the Recovery Period would be set to coincide with the Recovery Period for the London Borough of Enfield and a contribution level determined accordingly.

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

i. Allocate liabilities to the academy in relation to its current employees only, with the London Borough of Enfield Group sub-fund retaining liability for former employees;

ii. Allocate a share of assets from the London Borough of Enfield's sub-fund to the new academy's sub-fund which is equal to the value placed on the liabilities upon conversion for the academy's current employees.

iii. Set contribution levels prior to the next valuation in line with the London Borough of Enfield's future service ("primary") contribution rate.

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

<u>Existing academies and Multi Academy Trusts</u>

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

The exception is that for academies which converted on or after 1 April 2017 with a deficit and whose sub-fund has subsequently remained in deficit (and where the

London Borough of Enfield's sub-fund is also in deficit at that valuation), the contribution levels for the academy will normally be set in line with the London Borough of Enfield's rate provided this leads to a Recovery Period not longer than the relevant period for the London Borough of Enfield (in which case the Recovery Period will be set to coincide with the Recovery Period for the London Borough of Enfield).

3.9.10 Admission Bodies with 10 members or fewer

In the case of an Admission Body which has 10 members or fewer (active members, deferred pensioners and pensioners) at a triennial valuation date or on its admission to the Fund between valuations, the Administering Authority may at its sole discretion permit/require the employer to pay the same long-term total % of pay contribution rate as applies for the London Borough of Enfield or in the case of an Admission Body falling within the description in paragraph 1(d) of Part 3 of the LGPS Regulations, the Scheme Employer referred to in that paragraph.

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

3.10 Early Retirement Costs

3.10.1 Non Ill-Health retirements

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

In broad terms it assumed that members' benefits on retirement are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age, other than on ill-health grounds, are deemed to have retired early. The additional costs of premature retirement are calculated by reference to this age.

4. Links to investment strategy

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

4.1 Investment strategy

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

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

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

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

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

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

Consistency with funding bases

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

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

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

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

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

4.3 Balance between risk and reward

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

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

4.4 Intervaluation Monitoring of Funding Position

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

5. Key Risks & Controls

5.1 Types of Risk

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

i) Investment
ii) Employer
iii) Liquidity and maturity
iv) Climate
v) Liability
vi) Regulatory and compliance;
vii) Recovery period; and Stepping.

5.2 Investment Risk

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

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

Pay and price inflation significantly more than anticipated	*The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.* *Inter-valuation monitoring, as above, gives early warning.* *Some investment in index-linked bonds also helps to mitigate this risk.* *Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.*
Effect of possible increase in employers' contribution rate on service delivery and admission/scheduled bodies	*Seek feedback from employers on scope to absorb short-term contribution rises.* *Mitigate impact through deficit spreading and phasing in of contribution rises.*

5.3 Employer Risk

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

5.4 Liquidity and maturity Risk

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

5.5 Climate risk

The systemic risks posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities for investors. The Administering Authority keeps the effect of climate change on future investment returns and life expectancy under review and will commission advice from the Fund Actuary on the potential effect on funding as required. At the 2022 valuation the Fund Actuary will undertake scenario analysis to assess the resilience of the funding strategy to climate change risk over an agreed period.

5.6 Liability Risk

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

5.7 Regulatory and compliance risk

Risk	**Summary of Control Mechanisms**

The risks relate to changes to both general and LGPS specific regulations, national pension requirements or HM Revenue and Customs' rules.	*The Administering Authority will keep abreast of all proposed changes. If any change potentially affects the costs of the Fund, the Administering Authority will ask the Fund Actuary to assess the possible impact on costs of the change. Where significant, the Administering Authority will notify employers of the possible impact and the timing of any change.*

5.8 Recovery Period

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

5.9 Stepping

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

Annex 1 – Responsibilities of Key Parties

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

Their key responsibilities are set out below.

The Administering Authority should:

operate the pension fund

collect investment income and other amounts due to the Fund as set out in the LGPS Regulations including employer and employee contributions;

pay from the Fund the relevant entitlements as set out in the relevant Regulations;

invest surplus monies in accordance with the Investment Regulations;

ensure that cash is available to meet liabilities as and when they fall due;

take measures as set out in the regulations to safeguard the Fund against consequences of employer default;

manage the valuation process in consultation with the Fund's Actuary;

prepare and maintain a FSS and a Investment Strategy Statement (ISS), both after proper consultation with interested parties;

monitor all aspects of the Fund's performance and funding and amend the FSS/ISS as appropriate; and

effectively manage any potential conflicts of interest arising from its dual role both as Administering Authority and as Scheme Employer.

Enable the Local Pension Board to review the valuation process as set out in their terms of reference.

ensure consistent use of policies relating to revising employer contributions between formal valuations and spreading exit payments and ensure the process of applying those policies is clear and transparent to all fund employers.

The Individual Employers should:

deduct contributions from employees' pay correctly;

pay all ongoing contributions, including their own as determined by the Fund Actuary, promptly by the due date;

develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework;

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

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

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

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

The Fund Actuary will assist the Administering Authority in assessing whether employer contributions need to be revised between actuarial valuations as required by the Administration Regulations , in particular in relation to any review of contributions between triennial valuations under Regulation 64A.

The Fund Actuary will provide views in relation to any decision by the Administering Authority to spread an exit payment under Regulation 64B.

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

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ENFIELD Council

London Borough of Enfield

LOCAL PENSION BOARD

Meeting Date: 15 December 2022

Subject:	**DLUHC's Consultation "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks"**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

1. This report provides an update on DLUHC's Consultation "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks". One of the functions of the Board is to scrutinise effectiveness of the Committee in discharging their responsibility of efficient management of the pension fund.

Proposal(s)

2. Pension Board are recommended:

   i) to note the contents of this report.

   ii) to note the response from London CIV attached as Appendix 1, LAPFF as Appendix 2 and Scheme Advisory Board as Appendix 3; and

   iii) to note Enfield Pension Fund response attached as Appendix 4.

Reason for Proposal(s)

3. For effective and efficient management of the Fund.

4. There is a requirement for the Board to be kept up to date with current issues and legislative developments to support and effect the effective discharging of their role.

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

6. Good homes in well-connected neighbourhoods.

7. Build our Economy to create a thriving place.

8. Sustain Strong and healthy Communities.

Background

Task Force on Climate-Related Financial Disclosures (TCFD)

9. The long-awaited consultation on climate risk disclosures in the Local Government Pension Scheme (LGPS) finally dropped on 1 September. Department for Levelling Up Housing and Communities (DLUHC) is consulting on proposals for new requirements on LGPS administering authorities. The consultation is for 12 weeks to 24 November 2022.

10. This consultation seeks views on proposals to require LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

11. Under the proposals, from 2024 all funds in England and Wales will need to prepare an annual Climate Risk report following Task Force on Climate-Related Financial Disclosures (TCFD) principles.

12. The new requirements on which they are consulting are discussed throughout this document. https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

13. For ease, the key proposals are summarised below.

Summary of proposals

14. Each LGPS Administering Authorities (AA) must complete the actions listed below and summarise their work in an annual Climate Risk Report.

15. The proposed regulations will apply to all LGPS Administering Authorities. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.

16. AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. AAs must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.

17. AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.

18. AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2 degree temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.

19. AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.

20. AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below.

    i) **Metric 1** - will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions.

    ii) **Metric 2** - will be an emissions intensity metric. Whereby all AAs would report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report.

    iii) **Metric 3** - will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable.

    iv) **Metric 4** - will be the Paris Alignment Metric. Under the Paris Alignment metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.

    v) Metrics must be measured and disclosed annually.

21. AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.

22. AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. DLUCH propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.

23. DLUCH propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.

24. DLUCH propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

25. Members are asked to note the London CIV and LAPFF responses, attached as Appendix 1 & 2 respectively and also the Enfield Pension Fund response attached as Appendix 3 to this report and share their views for inclusion in the consultation response before 5pm of 23 November 2022.

26. Under the proposals, beginning in 2024 all funds in England and Wales will need to prepare an annual Climate Risk report following Task Force on Climate-Related Financial Disclosures (TCFD) principles.

Safeguarding Implications

27. None.

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 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

30. 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

31. It is important to keep abreast on current issues to facilitate the rigorous and robust management of the Pension Fund for a better, quicker and more effective decision-making process which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund.

32. The monitoring arrangement for the Pension Fund and the work of the Pension Board should ensure that the Fund optimises the use of its resources in achieving the best returns for the Council and members of the Fund.

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

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

Financial Implications

34. It is important to keep abreast on current issues to facilitate the rigorous and robust management of the Pension Fund for a better, quicker and more effective decision-making process which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund. No immediate financial consequences as this report provides an update on several general developments affecting the Local Government Pensions Scheme.

Legal Implications

35. This report provides an update on consultation/general development affecting the Local Government Pensions Scheme. One of the functions of the Pensions Board is to meet the Councils duties in respect of the efficient management of the pension fund. And so it is appropriate, having regard to these matters, for the Committee to receive information about general developments affecting the Local Government Pensions Scheme. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

Workforce Implications

36. 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

37. None

Other Implications

38. None

Options Considered

39. No alternative options considered.

Conclusion

40. The Fund response to the consultation is attached as appendix 4 to this report.

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Date of report 29th November 2022

Appendices

i) Appendix 1 - London CIV response to DLUHC Consultation

ii) Appendix 2 – LAPFF response to DLUHC Consultation

iii) Appendix 3 – Scheme Advisory Board (SAB) response to DLUHC Consultation

iv) Appendix 4 - Enfield Pension Fund response to DLUHC Consultation

Background Papers

https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

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