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LOCAL PENSION BOARD

Wednesday, 13th September, 2023 at 10:00am in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

MEMBERSHIP:

Councillors: Ergin Erbil, Guney Dogan, Chris Joannides:

(Chair) Pauline Kettless (Employee Side)
Paul Bishop (Employee Side)
Tracey Adnan (Employee Side)
Alison Cannur (Employer Side)

AGENDA – PART 1

1. WELCOME & INTRODUCTION

2. DECLARATION OF INTERESTS

To receive any declarations of interest.

3. ENFIELD PENSION FUND RISK MANAGEMENT POLICY (Pages 1 - 18)

The Pension Board is recommended to consider and note the Risk Management Policy and the key internal controls

4. PENSIONS UPDATE REPORT (Pages 19 - 34)

To note the contents of this report.

5. REPORT ON NEW JOINERS AND LEAVERS (Pages 35 - 38)

To note the contents of this report.

6. LAPFF QUARTERLY ENGAGEMENT UPDATE FOR JUNE 2023 (Pages 39 - 58)

The Pension Board are recommended to note the contents of this report and the attached appendix which give details on the LAPFF company engagements for the quarter.

7. MINUTES OF PPIC 19 JULY 23 (Pages 59 - 62)

To note the draft minutes of the last Pension, Policy and Investment Committee meeting held on 19 July 2023.

8. DATES OF FUTURE MEETINGS

To note the dates of the future meetings:

Wednesday 13 December 23

Wednesday 13 March 24



London Borough of Enfield

Report Title	Enfield Pension Fund Risk Management Strategy
Report to	Local Pension Board
Date of Meeting	13 September 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk

Purpose of Report

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

Recommendations

2. The Pension Board is recommended to consider and note the Risk Management Policy and the key internal controls.

Background and Risk Management policy

3. In accordance with the Public Service Pensions Act 2013 (PSPA) all Board members are required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.
4. The Risk Policy set out in an appendix 1 to this report details the risk management strategy of the Pension Fund. It covers the approach to risk management and the procedures that are adopted in respect of risk management

5. The Policy sets out the aims and objectives for the management of risk. It also recognises that risks cannot be entirely removed from the management of the Pension Fund because of the very nature of the Fund itself and the environment in which it operates. The risk management process involves the identification of risk, analysing risks, controlling risks, where appropriate, and the monitoring of risk on an ongoing basis.
6. The appendix also sets out key internal controls identified. It is not an exhaustive list; however, it forms the basis of some of the internal controls in place to manage the Fund on a day to day basis and also draws on guidance from the CIPFA publication Managing Risk in the Local Government Pension Scheme and from the Pensions Regulator's code of practice for public service pension schemes.
7. The Pensions Policy & Investment Committee act as quasi Trustees to the London Borough of Enfield Pension Fund and therefore have the responsibility for the strategic management of the assets of the Fund and the administration of benefits. As quasi trustees their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members. Within their Governance role, it is therefore important for Committee Members to understand the risks involved in the management of the Pension Fund and the actions put in place to mitigate those risks where possible
8. Risk management of the Pension Fund needs to ensure the identification, analysis and economic control of opportunities and risks that challenge the assets, reputation or objectives of the Fund. Effective risk management enables the Pensions Policy & Investment Committee to manage strategic decisions to safeguard the wellbeing of all stakeholders in the Pension Fund and increase the likelihood of achieving the Fund's objectives.
9. The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the Executive Director of Resources Enfield Council, is the designated individual for ensuring the process outlined in the policy is carried out, subject to the oversight of the Pensions Policy & Investment Committee
10. However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process. This process is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities.
11. All risks are regularly reviewed to ensure that they remain appropriate and that the controls are in place to manage risks where feasible. An annual review of the Risk Register has been included within the business plan for the Pension Fund and this report will therefore continue to be a regular feature so that the Board and the Committee understands the risks involved in managing the Pension Fund and is able to therefore to make informed decisions.

Reason for Recommendation

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

Relevance to Council Plans and Strategies

1. Clean and green places
2. Strong Healthy and safe communities
3. An economy that works for everyone

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Appendices

Appendix 1: Risk Management policy and internal controls



Enfield Pension Fund Risk Management Policy and Internal Control Measures



1. Introduction

This document is the Risk Management Policy of the Enfield Pension Fund (the "Fund"), which is managed and administered by London Borough of Enfield. The Council delegates this responsibility to the Pension Policy and Investment Committee (PPIC). In recognition of the PPIC's fiduciary duties and responsibilities towards pension scheme members, participating employers and local taxpayers, this document sets out:

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

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

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

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

2. Background

Risk can be defined as the combination of the likelihood of an event occurring and the level of impact on the Pension Fund's ability to achieve its objectives if it does occur. Pension funds exist in order to pay future pension benefits. No organisation can completely eliminate risk due to the inherent uncertainties of the global economic environment, and it is therefore a risk that the investment assets of pension funds will be less or more than the pension liabilities. This Risk Policy & Strategy sets out a common basis for risk management.

3. To whom this policy applies

This Risk Policy applies to all members of the Pensions Policy & Investment Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all managers in the London Borough of Enfield Pension Fund Management Team,



the Chief Finance Officer (Section 151 Officer) and the Director of Finance, (from here on, collectively referred to as the senior officers of the Fund).

Less senior officers involved in the daily management of the Pension Fund are also integral to managing risk for the Enfield Pension Fund and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Head of Pension Investments.

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

4. Risk Areas & Types

Broadly the types of risk that the Fund is exposed to fall into the following broad categories:

- i) Financial – These relate to insufficient funding to meet liabilities, loss of money, poor financial monitoring with the consequence being the requirement for additional funding from the Council and other employers.
- ii) Strategic – Failure to meet strategic objectives, such as performance targets, Funding Strategy Statement objectives.
- iii) Regulatory – Regulatory changes, failure to comply with legislation, to meet statutory deadlines.
- iv) Reputational – Poor service damaging the reputation of the Fund.
- v) Operational – Data maintenance, service delivery targets.
- vi) Contractual – Service providers, failure to deliver, effective management of contracts.
- vii) Communication – Failure to keep all stakeholders notified of issues that affect them, be they employers, scheme members or contractors.

5. Risk Policy

Risk should be eliminated, transferred or controlled as far as possible (Some risks may be tolerated depending on the likelihood of them occurring and the impact of them when they occur). To achieve this Enfield Pension Fund will ensure that risk management is integral to the governance and management of the Fund at both strategic and operational levels. The aim is to integrate risk awareness and management into both the processes and the culture of Enfield Pension Fund to help ensure that the Fund's objectives are met. This policy will be subject to annual review.

6. Risk Management Objectives

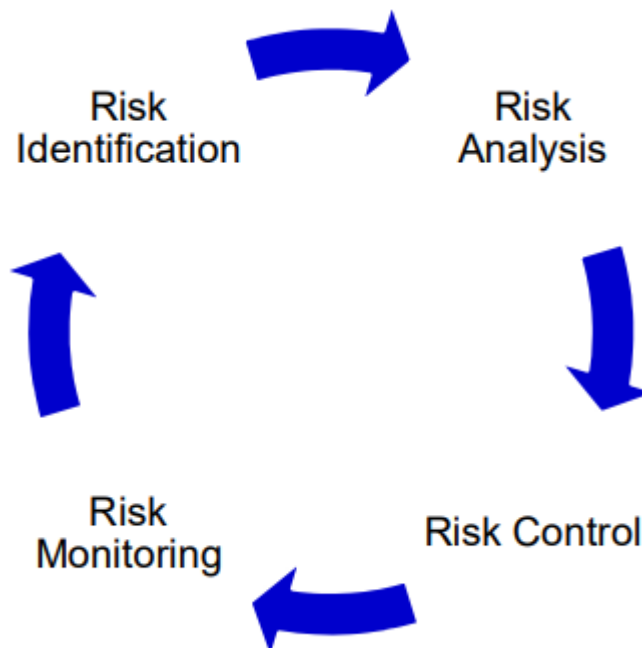
One of the Fund's key governance objectives is to understand and monitor risk. In doing so, we will aim to:

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

How this is achieved will vary depending on the type of risk and the activity involved. In relation to pension fund administration, the objective is to eliminate risk as far as possible; whereas the objective is to balance risk and return in relation to pension fund investment.

7. Risk Management Strategy

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



a) Risk Identification

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

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

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

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

b) Risk Analysis

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

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

c) Risk control



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

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

(The Fund's existing controls can be found in appendix A to this paper)

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

d) Risk monitoring

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

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

8. Reporting

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

- a summary of the Fund's key risks (ranked 15 or above in the above matrix);
- a summary of any new risks or risks that have changed (by a score of 3 or more) or risks that have been removed since the previous report;



- the Fund's risk dashboard showing the score of all existing risks and any changes in a pictorial fashion; and
- a summary of any changes to the previously agreed actions.

9. Key risks to the effective delivery of this Policy

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

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



Appendix A – Key Internal Control Measures		
Measures	Control Objective	Description of Control Procedures
Authorising and processing transactions	Benefits payable are calculated in accordance with the Regulations and are paid on a timely basis	<ul style="list-style-type: none"> Fully tested and regularly audited administration system for automated calculations. Checking of calculations and other processes is carried out. Procedures to ensure appropriate authority in place prior to processing payments.
Maintaining financial and other records	Member records are up-to-date and accurate	<ul style="list-style-type: none"> Annual and monthly reconciliation of information supplied by employers and administration records. Reconciliation of member movements Pensioner existence checks carried out every 2 to 3 years Members provided with annual benefit statements and asked to confirm if any details are incorrect
	All cash flows and transactions are recorded in the correct period	<ul style="list-style-type: none"> Accounting journals are automatically created as part of the workflow system. Regular bank reconciliations and cash flow forecasting are carried out The administration records and treasury/accounting records are regularly reconciled
Safeguarding assets	Member, employer and Fund information is appropriately stored to ensure security and protection from unauthorised access.	<ul style="list-style-type: none"> Password security in place and enforced Access to member and Fund data restricted to authorised personnel Member correspondence scanned and stored in secure systems
	Cash is safeguarded and payments are suitably authorised and controlled	<ul style="list-style-type: none"> Separate bank account maintained for the Fund Access controlled and authentication required. Cash movements recorded daily Regular bank reconciliations carried out and pensioner payroll reconciled each pay period LONDON BOROUGH OF ENFIELD PENSION FUND RISK MANAGEMENT POLICY 10 Pensioner existence checks are carried out every 2 to 3 years, annually if overseas and all pensioners paid only by BACs.
	Investment purchases and sales are correctly recorded and valuations are correct.	<ul style="list-style-type: none"> Regular reconciliation of information provided by fund managers and custodian and Fund's records Assets held separately from LB Enfield by Custodian. Only authorised individuals, within specified signing limits can instruct / disinvest funds. All investment/disinvestment instructions are drafted by investment managers and advice

		taken from Fund's investment advisers prior to authorisation and action
	Investment Performance is monitored. Investments are only placed with legitimate investment managers	<ul style="list-style-type: none"> • Monthly investment monitoring by officers • Quarterly investment performance monitoring by PPIC • New investments to be taken from investment advisors buy list • Fund Managers to go through interview before investments placed to determine suitability • Enhanced viability checks
Monitoring compliance	Contributions are received in accordance with the Regulations and rate and adjustments certificate	<ul style="list-style-type: none"> • Payment dates monitored against expected / due dates and late payments notified • Employer contributions reconciled annually against Rates and Adjustments Certificate • Member contributions regularly reconciled against pay data received • Take up of the 50/50 option monitored and compared to contributions received • Rates and Adjustments Certificate updated as required when exit valuations carried out
	Outsourced activities are properly managed and monitored	<ul style="list-style-type: none"> • Monthly report provided by pension administration team or third party administrator, including a report on performance against the SLA. • Monthly meetings between pension administration team, or third party administrator and Enfield Council officers and quarterly reporting to Pensions Policy and Investment Committee. • All suppliers subject to regular review as part of tender and appointment process. • Annual monitoring of suppliers at Pensions Policy and Investment Committee.
Reporting to stakeholders	Reports to members and employers are accurate, complete and within required timescales Annual reports and accounts are prepared in accordance with regulations and guidance Regulatory reports are made if needed	<ul style="list-style-type: none"> • Detailed planning of annual benefit statement exercise and testing carried out in advance • Timetable agreed for production of annual report and accounts, in consultation with auditors. Analytical reviews carried out regularly during the year. • Policies in place to ensure all staff aware of regulatory requirements relating to whistleblowing, money laundering and bribery • Reports to regulatory authorities such as SAB and DCLG provided in a timely manner.
Information technology	Access is restricted to authorised individuals and tightly controlled	<ul style="list-style-type: none"> • Access to Council offices and IT systems restricted to authorised individuals. • Password security protocols in place and enforced • Any changes to user details or access rights require authorisation

	Appropriate measures are implemented to counter the threat from malicious electronic attach	<ul style="list-style-type: none"> • Antivirus software used and updated regularly and firewalls in place • IT security reviews carried out regularly by external experts • Filters in place to manage email spam and viruses. Protocols in place to block certain emails (size or content)
	IT processing is authorised appropriately and exceptions identified and resolved in a timely manner	<ul style="list-style-type: none"> • All IT processes documented and monitored • Changes to systems can only be made by authorised staff
	Data transmission is complete, accurate, timely and secure	<ul style="list-style-type: none"> • Secure file transfer protocols available for transmitting data externally • Sensitive data transmitted via encrypted or password protected email • All staff trained on data security protocols
	Measures are in place to ensure continuity Measures are in place to ensure continuity	<ul style="list-style-type: none"> • Data and systems backed up regularly, retained off-site and regularly tested for recoverability • Business continuity arrangements in place and regularly tested
	Physical IT equipment maintained in a controlled environment	<ul style="list-style-type: none"> • IT infrastructure rooms protected against fire, power failure and unauthorised access • Offsite data centre has appropriate security measures in place • IT asset register maintained • Laptops and mobile devices encrypted or password protected
Maintaining and developing systems hardware and software	Development and implementation of new systems, applications and software or changes to existing systems are authorised, tested and approved	<ul style="list-style-type: none"> • Project controls in place prior to agreeing system update • Test administration system environment used for developing system updates • Appropriate authorisation required before updates are made live after functionality and user acceptance testing
	Data migration or modification tested and reconciled back to data source	<ul style="list-style-type: none"> • Change management procedures in place for any data migration or modification • Scheme data reconciliations carried out as part of process

Recovery from processing interruptions	Data and systems are regularly backed up, retained offsite and regularly tested for recoverability	<ul style="list-style-type: none"> • Servers are replicated to an offsite data centre or backed up to tapes daily and taken to an offsite data storage facility. • Recoverability testing is undertaken on a regular basis
	IT hardware and software issues monitored and resolved in a timely manner	<ul style="list-style-type: none"> • Group IT Service Desk facility to log all incidents with prioritisation • Service is monitored against Service Level Agreements
Appropriate governance	The Fund is managed with appropriate direction and oversight by the Pensions Policy and Investment Committee	<ul style="list-style-type: none"> • Business plan in place and updates provided to each Pensions Policy and Investment Committee • All key strategies and policies in place and regularly reviewed by Pensions Policy and Investment Committee • Update reports to each Pensions Policy and Investment Committee highlighting progress against key objectives • Risk management policy in place and regular updates to Pensions Policy and Investment Committee • Local Pension Board in place and providing assistance with compliance



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London Borough of Enfield

Report Title	LBE of Enfield Pension Fund administration report
Report to	Local Pension Board
Date of Meeting	13 th September 2023
Cabinet Member	
Executive Director / Director	Fay Hammond
Report Author	<i>Tim O'Connor</i> <i>Tim.O'Connor@enfield.gov.uk</i>
Ward(s) affected	
Key Decision Number	Non Key
Classification	Part 1 Public
Reason for exemption	

Purpose of Report

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

Recommendations

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

1.1 SCAPE discount rate and actuarial factors - Update

Recent update to the background factors used in pension calculations via the Altair pension system.

SCAPE discount rate and actuarial factors – second batch

DLUHC has cleared a second batch of actuarial factors for use. The factors in the second batch that have been cleared for use, their effective dates and the impact on calculations are summarised below:

Non-Club transfer in factors:

The new factors are in force from 3rd July 2023. Any interfund cases, where the transfer value of final salary benefits will be used to buy additional pension in the CARE scheme, can be processed.

Non-Club transfer in with final salary link:

The new factors are also in force from 3rd July 2023. If a member elects to complete a non-Club transfer with a final salary link, where there is no guarantee on or after 30th March 2023, the new factors apply. If a guaranteed quotation before 30th March 2023 has been supplied, and the member replies within the guarantee period, the old factors are used.

Early retirement

The new factors are in force from 3rd July 2023. If a member's early retirement date is 3rd July 2023 or later, the new factors apply. The new factors are lower than the ones in force before 3rd July 2023. Any early retirement benefits already quoted will increase as a result of the change.

Late retirement

The new factors are in force from 1st September 2023. A longer lead-in time has been allowed for these factors to allow time for software changes to be made, and because some members' benefits may be lower using the new factors.

LGPS benefits are increased for late retirement after Normal Pension Age (NPA):

- Benefits built up before 1st April 2014 are increased if they are taken after age 65.
- Benefits built up from 1st April 2014 are increased if they are taken after State Pension Age, or after age 65 if this is later.

When a member retires late after 31st August 2023, depending on the member's age, the calculation may require three stages:

- For any period between the NPA and 31st August 2019, the method and factors specified in the GAD 'LGPS: Late retirement guidance dated 18th April 2016' apply.
- For any period between 1st September 2019 and 31st August 2023 (inclusive) the method and factors specified in the GAD 'LGPS Late retirement' guidance dated 5th May 2021 apply.

- For any period from 1st September 2023 onwards, the new factors in table x-402 apply. GAD has confirmed that no increase will apply to any retirement grant for the period from 1st September 2023 onwards.

SCAPE discount rate and actuarial factors – third batch

On 28th July 2023, DLUHC cleared the third batch of actuarial factors for use. Their effective dates and the impact on calculations are summarised below:

Trivial commutation factors

Where a quotation was provided before 28th July 2023 and the nominated date was before 28th July 2023, the old factors are used. In all other cases, the new factors are used.

Scheme pays (Annual allowance) factors.

For a deferred or active member, if the election date was before 28th July 2023, the old factors are used. If the election date is 28th July 2023 or later, the new factors are used.

Please refer to Appendix 1 for more information

1.2 Finance (No.2) Act receives Royal Assent

Factors for calculating Lifetime allowance debit

The Finance (No.2) Act 2023 received Royal Assent on 11th July 2023. The Act delivers the tax changes announced in the Spring Budget, including:

- no lifetime allowance tax charges for the 2023/24 year or any subsequent tax year
- certain lump sums to be taxed at the marginal rate
- changes to lifetime allowance protections
- annual allowance for tax year 2023-24 included to £60,000

The Finance (No. 2) Act 2023 puts a stop to lifetime allowance (LTA) charges, effective from the start of the current tax year, whilst draft clauses destined for inclusion in next year's Finance Bill would complete the task from 6th April 2024. The LTA factors are still required as they are used to calculate certain annual allowance scheme pays debits.

Certain lump sums (serious ill-health lump sum, lifetime allowance excess lump sum, and defined benefits and uncrystallized funds lump sum death benefits), which would previously have been subject to the charge, are taxed like pension income, at the recipient's marginal income-tax rate. Members with enhanced or fixed protection can accrue further benefits without losing their protections, as long as they obtained their protection before 15th March 2023.

Please refer to Appendix 2 for more information

1.3 HMRC Consultation - Abolishing the lifetime allowance

On 18th July 2023, HM Revenue and Customs (HMRC) launched a consultation on abolishing the pensions lifetime allowance. The consultation includes draft legislation that aims to:

- abolish the lifetime allowance from pension legislation from 6th April 2024
- limit the amount of tax-free cash an individual can receive to a maximum of £268,275, unless they hold valid lifetime allowance or lump sum protection.
- limit the total amount of lump sums an individual can receive before marginal rate taxation applies to £1,073,100 unless they hold a valid lifetime allowance protection, and.
- clarify how lump sums and lump sum death benefits will be taxed in the absence of the LTA.

In broad terms, the government proposes to create two new limits on tax-free lump sums:

- an overarching 'lump sum and death benefits allowance' of £1,073,100 (fixed at the same level as the current lifetime allowance); and
- a 'lump sum allowance' of £268,275 (one-quarter the current allowance), affecting pension commencement lump sums (PCLSs) and the PCLS-like elements of uncrystallized funds pension lump sums (UFPLSs), trivial commutation lump sums (TCLSs) and winding-up lump sums (WULS).

For example, the maximum tax-free PCLS, if the proposals come into force would be the lowest of the following amounts:

- 25% of the total value of the benefits crystallized at the time
- the available balance of the individual's lump sum allowance
- the remainder of the individual's lump sum and death benefits allowance

If any of the affected lump sums or lump sum death benefits exceed the new limits, the excess will be taxed in the same way as pension income, at the recipient's marginal rate.

The existing system of transitional protections would remain in place, with one or two tweaks. For example, there will be a new deadline of 5th April 2025 for applications for the 2016 versions of fixed and individual protection.

Consultation closes - 12th September 2023

Please refer to Appendix 3 for more information

1.4 Pension Dashboard Update

Pensions Dashboards Amendment Regulations 2023

The Department for Work and Pensions (DWP) has laid the Pensions Dashboards (Amendment) Regulations 2023 [SI2023/858].

A revised staging timetable will be set out in guidance and all schemes in scope will need to connect by 31st October 2026. The staging timetable will indicate when schemes are scheduled to connect, based on their size and type.

Updated resources

- A new video introducing the dashboards available point. The dashboards available point is the date when pensions dashboards will be made available to the public.
- The pensions dashboards development FAQs have been updated to reflect the new connection deadline announcement.
- The connection deadline page has been updated to provide more information on the new approach.

Please refer to Appendix 4 for more information

1.5 Scheme Fund Account return (SF3)

The DLUHC updated their form and guidance for this years' return. The documents set out the data for 2022/23 that administering authorities must provide by 15th September 2023. The completed form must be returned using figures from audited final accounts.

DLUHC uses the information to provide a benchmark on administration and fund management. The information is also used in compiling the national accounts and to show the role of the LGPS in the economy.

Please refer to Appendix 5 for more information

1.6 Scheme Advisory Board – Scheme Annual Report 2022

On 26th June 2023, the Scheme Advisory Board published its tenth Annual Report.

The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board.

The report combines information supplied in 86 fund annual reports as of 31st March 2022.

Key highlights for 2022 are:

- total membership of the LGPS increased slightly, growing by 161,871 (2.6%) to 6.39 million members in 2022 from 6.23 million in 2021.
- total assets of the LGPS increased to £369 billion (a change of 7.8%).
- local authority returns on investment over 2021/22 was 8.1%. This compares to UK CPI year on year inflation of 8.8% (Sept to Sept)
- the Scheme maintained a positive cash-flow position overall, including investment income.
- over 1.95 million pensioners were paid over the year.
- life expectancy rebounded to pre-covid levels with an increase of 0.8 years for males and 0.6 years for females (2021 figures versus 2022)
- total management charges increased by £385 million (22.5%) from £1,711 million. This was primarily driven by a £381 million (25.6%) rise in investment management charges, while administration and oversight and governance costs remained broadly stable.
- The scheme has an estimated overall funding level of 107%

As of 31st March 2023, the Regulator estimates that:

- 76% of the schemes were in surplus.
- 52.6% of schemes had moved from a deficit position at the time of their previous valuations to a state of surplus.
- of those schemes still in deficit, 79% could retain or reduce their existing deficit reduction contribution levels.

Please refer to Appendix 6 for more information

1.7 The Pension Regulator (TPR)

Annual report and accounts for 2022/23

On 13th July 2023, TPR published its annual report and accounts for 2022/23. This focused on their performance including financial penalties issued and convictions to policy achievements and Automatic enrolment.

Please refer to Appendix 7 for more information

1.8 LGPS Frameworks – provision of AVC services

National LGPS Frameworks intends to launch a new framework for AVC services later this year. They have recently published a Prior Information Notice for the AVC framework.

The purpose of the prior information notice is to inform providers about the opportunity and express an interest in the project.

Please refer to Appendix 8 for more information

1.9 Pensions & Lifetime Savings Association (PLSA) survey results

The PLSA recently published the results of a survey it undertook in May 2023 to assess the issues that are impacting LGPS funds. Responses were received from 92 LGPS representatives and the survey covered a broad range of areas including stakeholders, resources, employers and members, working environment, and views for the future.

Some key findings are as follows:

- 85% of respondents have a positive view of working within the scheme – with the most positive aspects seen as colleagues and learning opportunities, while the most common negative aspects were remuneration and the lack of opportunities for progression.
- In relation to government and regulators, 74% believe that focus should be on good governance, with 55% indicating that responsible investment and stewardship should be high on the agenda. Only 18% believe that focus should be on pooling.
- 81% of respondents said their ability to secure resources has either improved or remained the same over the last 12 months, with 65% indicating that they believe they have the right staff in place to carry out day-to-day work. The main reasons cited for not having the right staff in place were difficulty recruiting (78%), low pay/rewards (67%), changes to the required skills (50%), and difficulty retaining staff (50%).
- When asked what would have the greatest positive impact on the fund, the most common responses were paying staff more (55%), more time spent on communication tools and services with scheme members (51%), and more time spent working with employers (48%).
- In relation to pooling, only 4% agree that pools need to be consolidated, with 49% disagreeing and 46% undecided.
- On governance, 59% feel that the current governance set up of the LGPS works.

Please refer to Appendix 9 for more information

1.10 Scheme Advisory Board (SAB) Committee structure

The SAB communicated recently on its current focus and structure. It has three subcommittees and one advisory group formed underneath the main SAB body. The committees are:

- Compliance and Reporting Committee (CRC)
- Cost Management, Benefit Design and Administration (CMBDA) - Committee
- Investment, Governance and Engagement (IGE) Committee
- Responsible Investment Advisory Group (RIAG)

Each committee looks at a specific area of the LGPS. Each has its own terms of reference and membership profile made up of practitioners, advisors, scheme member and employer representatives.

The CRC was established following the disbandment of the Chartered Institute of Public Finance and Accountancy (CIPFA) pensions panel in 2021. It aims to co-produce statutory guidance for LGPS administering authorities on a range of issues. The CRC has five workstreams looking at drafting new or updating existing statutory guidance.

The workstreams are:

- good governance
- knowledge and skills
- funding strategy statements
- audit issues
- producing the annual report.

1.11 Continuous Mortality Investigation (CMI)

The CMI has recently published its updated standard mortality projections model, 'CMI_2022'.

The updated model reflects mortality data for 2022 in England and Wales, a year which continued to see higher death rates compared to the last pre-pandemic year (2019). Death rates in 2022 were less volatile than the previous two years but remained high. The new model shows a reduction in life expectancy of around 6-8 months compared to the previous model (CMI_2021).

CMI_2021 was used for the 2022 actuarial valuation for the majority of LGPS funds.

Please refer to Appendix 10 for more information

1.12 Pension Protection Fund (PPF)

The PPF has responded to reports that the Government is considering extending its current remit. This will provide a safeguard for members of defined benefit schemes where the sponsoring employer fails. It will allow it to act as a consolidator scheme for smaller, poorly performing defined benefit schemes.

Using the PPF as a consolidator scheme was one of several ideas mooted in the departmental review of the PPF, published in December 2022 and has also been

discussed in a recent report (*Investing in the Future: Boosting Savings and Prosperity for the UK*) by The Institute for Global Change.

The PPF welcomed the opportunity ‘to work with government and the wider industry to explore the various options and be part of the potential solution’ but said that that delivering the best outcomes for current PPF members and levy payers remains its priority. It also notes that any change to the PPF’s role is likely to be outside its current statutory remit, and as such would require a legislative change.

Please refer to Appendix 11 for more information

1.13 LGA Communications Working Group – July 2023

Areas covered included engagement, accessibility audit, digital engagement, McCloud communications and procurement, cost of living impact, current scheme amendments including.

- A consultation on the removal of the requirement to have left because of the offence in forfeiture cases is expected.
- A consultation on equalising the survivor benefits paid to male spouses or civil partners of female members with the benefits paid to same sex spouses or civil partners is expected. The rules will be backdated to 5th December 2005 – the earliest date that a couple could have entered into a same sex civil partnership.
- There are no immediate plans to remove the upper age limit of 75 for death grants. The SAB Chair has raised concerns about this with the Minister because of the possibility of a legal challenge.
- No movement on changes to the LGPS to accommodate the increase in the normal minimum pension age from 55 to 57 in 2028. The LGPS regulations will have to be changed to reflect the increase, but no news of a decision on protections for existing members has been shared yet.
- Public sector exit payment reform remains a government commitment, although there is no indication of when new rules might be consulted on. Any changes will be introduced for each individual scheme, there will not be a public sector-wide approach. Other public service schemes do not provide unreduced benefits to members made redundant at age 55 or older. There is a possibility that this provision will be changed in the LGPS.

The next meeting will be held on 12th October – London LGA offices.

Please refer to Appendix 12 for more information

1.14 Pensions Administrator Apprenticeship

The Workplace Pensions (Administrator) Apprenticeship is being replaced by the Pensions Administrator Apprenticeship from 12 August 2023. The apprenticeship will be available in England.

The Pensions Administrator Apprenticeship Trailblazer group ran a webinar on 3rd August 2023 to explain more about the new apprenticeship standard. The webinar covered end assessment and funding and featured a panel session with previous apprentices.

1.15 LGA Apprenticeships and qualifications survey

Summary of results:

- 55% of respondents currently use apprenticeships within the pension administrations section.
- Most respondents currently using apprenticeships offer business administration apprenticeships. Only four respondents use, or have used, the workplace pensions (administrator) apprenticeship.
- 58% of respondents were not aware of the workplace pensions (administrator) apprenticeship.
- 67% of respondents currently offer external pension administration qualifications to employees. These external qualifications are provided by either The Pensions Management Institute (PMI) or The Chartered Institute of Payroll Professionals (CIPP).
- Common issues with the qualifications currently available are lack of tutors, too much payroll focus, lack of LGPS specific content and concern about the long-term future of the qualifications.
- 90% of respondents would like the LGA to investigate the feasibility of providing or contributing to a formal LGPS qualification.
- 71% of respondents would like the LGA to investigate adapting apprenticeships to include LGPS qualifications.

1.16 LGA - Fundamentals training 2023

The LGA Fundamentals training for 2023 is open for booking. The three day training course is aimed at elected members and others who attend Pension Committees and Local Pension Boards. Past delegates also include trade union and employer representatives, and officers who support committees and boards.

The course provides a scheme overview and covers current issues relating to administration, investments and governance of the LGPS. All sessions are delivered by experts in their field.

The in-person training will be held in two locations - London (LGA Office) and Manchester, and online.

London Dates

Day 1 - 12th October 2023

Day 2 - 2nd November 2023

Day 3 - 5th December 2023

Cost

In person - £280 plus VAT per session (includes lunch and refreshments)

Online - £240 plus VAT per session

Please refer to Appendix 13 for more information

1.17 Pension Admin Team Update

Two senior officers have now embarked on maternity leave.

The team restructure has now been approved and formal consultation with staff has commenced.

The Annual Benefit Statements were issued to active and deferred members during July and August.

The Annual Allowance saving statements are now due to be issued by the deadline of 6th October (as the new increased limit was effective in the new tax).

1.18 Pension Team Key Performance Indicators

Quarter1 (April 2023 to June 2023)

Turnover of admin work	Performance
2,208	Work completed within timescales
344	Work completed outside timescales
2,552	Total of work completed
86.5%	Overall completion % rate

Process	No. of cases commenced in Q1	No. of cases completed within timescale	Good Practise timescales	% completed in Q1
Deaths – initial letter acknowledging death of members	49	48	2 months	97.96%
Retirements – letter notifying estimate retirement benefits	105	93	2 months	88.57%
Retirements – letter notifying actual retirement benefits	133	77	2 months	57.89%*
Deferment – calculate and notify deferred benefits	154	136	2 months	88.31%
Transfers in/out – letter detailing transfer quote	132	94	2 months	71.21%
Transfers in/out – letter detailing actual transfer	92	73	2 months	79.35%
Refund – Process & pay a refund	37	30	2 months	81.08%
Divorce quote – letter detailing cash equivalent value and other benefits	4	4	2 months	100.00%
Divorce settlement – letter detailing implementation of pension sharing orders	1	1	3 months	100.00%
Joiners – notification of date of enrolment	489	489	2 months	100.00%

There were no IDRP cases received during Q1.

1.19 Pension Team Risk Register

Area	Risk Register	Risk Rating Impact	Likelihood	X	Level of Risk	Project work	Cause of Risk	Risk Owner	Impact	Controls in place	Further action required	Review date
Benefits	Processing of Benefits	2	2	4	Low	No	Pension benefits not paid out accurately or at the right time	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	Members identified with reporting controls in place and contacted in time. Benefits are checked by another officer and audit checks in place.	Controls and checks in place to be continued to be reviewed to ensure no errors.	01/04/2024
	Scope - Change of factors	2	3	6	Medium	No	Backlog of work building up due to delay in receiving new factors required for calculation	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	Team informing affected members of delay	Some factors have been issued but need to be updated into Pension software system by Heywoods - this is a national issue	01/08/2023
	Overage deferred records not paid	1	4	4	Low	No	Benefits not paid out to eligible members as not claimed by member	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	All identified have been written to but a Project plan in progress to find these members required	Project plan in progress to use external outsource to find missing members addresses. Systems Team to identify amount.	31/12/2023
	Over 75 benefits not paid insert figures	1	4	4	Low	No	Benefits not paid out to eligible members	Pensions Administration Team	member not paid causing financial hardship. Plus financial and reputational damage to pension fund	Members identified and payroll notified. Members reaching 75 this year. Missing member address tender 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	31/08/2023
	AVCs at leaving	2	3	6	Medium	No	PF not notifying member of AVCs held so they are either not claimed or forgotten by the member	Pensions Administration Team	member not paid, could cause financial hardship. Also financial and reputational damage to pension fund	Checks are completed and further discussion is due with new client managers at Prudential	Constant communication with Prudential has been required to ensure work is on track	31/08/2023
	AVCs -Prudential annual statements	3	1	9	Medium	No	Prudential not notifying member of AVCs held within the agreed timescales so they are either not claimed or forgotten by the member	Pension Fund	Reputational damage and complaints direct to the fund regarding Prudential's poor service.	Prudential have informed us that they have informed the Pension Regulator	To ask Prudential for proof to also look at other AVC providers	30/09/2022
Projects	Aggregation of benefits - pre and post April 14	2	3	6	Medium	Yes	Failure to offer linking of member services.	Pensions Administration Team	member not notified of benefits. Plus financial and reputational damage to pension fund	Project in place - new training and review took place in August 21	Historical Members identified - administration team working through both old and new cases as they appear each month	31/03/2024
	McCloud review	2	3	6	Medium	Yes	Government lost a test case which resulted in all public sector funds to review their data to ensure no one has lost out	Systems Team	member not paid the correct benefits. Plus financial and reputational damage to pension fund	Systems Team are currently working on identifying members who may be in scope	Ensure new legislation updates are reviewed. Systems Team to contact employers re data retention - esp hours previously held	31/10/2023
Projects	Annual Allowance	1	3	3	Low	Yes	All cases identified and notified within timelines	Andreas Andrea	Tax implications for both member and member if incorrectly notified	project team in place - actions left to complete -	Andreas to produce project plan for 2020 and involves Rebecca Moore in delivery	01/11/2023
	Lifetime Allowance [INCLUDE PROTECTIONS]	1	3	3	Low	Yes	All processed correctly?	Andreas Andrea	Tax implications for both member and member if incorrectly notified	All complex queries are referred to risk owner	Andreas to produce project plan for 2020 and involves Rebecca Moore in delivery	01/11/2023
	GMP - HMRC	1	4	4	Low	Yes	All GMP related work to have been completed in line with the close down 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 no 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	1	3	3	Low	Yes	Sent out correctly and in line with prescribed timescales	Systems Team with support from Tim O'Connor	Incorrect statements can lead to members making incorrect financial decisions. Causing reputational damage.	Project plan in place - completed for 2023	Review in January for letters and also include online feedback survey	31/08/2024
	Workflow aligning with SLAs and all procedures captured	1	4	4	Low	Yes	Workflow completion timescales are currently more generous and consequently out of sync with SLA timescales and with disclosure of Regulations timescales this means our KPIs are reporting inaccurate data	Tim O'Connor with support from Systems Team	This could incur fines from the Pensions Regulator. Also impossible to plan resources when KPIs giving a different slant on work completion/outstanding.	Project plan in place	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.	31/03/2024
	Correctly uploading factor tables	1	1	1	Low	No	are the correct factors in place in Altair?	Andreas Andrea	Incorrect factor tables could lead to incorrect payments of benefits if anomalies are not identified by the Benefits Team	Project plan in place - work is double checked by system team	None required at present	31/03/2024
	Event reporting	2	3	6	Medium	No	Capturing all area's of work	Andreas Andrea	HMRC fines for both fund and member. Reputational damage to fund in the event of any fine.	Project plan in place	System team to complete a written procedure for the procedure matrix	31/08/2023
	Missing Addresses	1	3	3	Low	No	Could lead to personal data going to a wrong address or benefits not claimed.	Tim O'Connor with support from the Systems Team	Not having the ability to contact the member to notify or pay our benefits	Project plan in place - working presently on payroll pensioner addresses	Tender required to outsource missing members addresses to a tracing agency. Systems Team to identify amount.	31/01/2024
	End of year updating (LGPS 2023 scheme and employer data issues)	3	3	9	Medium	Yes	Year updating of Altair IT System. Pensions Increase programme. Plus EOY factor tables. Employee data for salaries and contributions - if incorrect. Member could be wrongly paid.	Andreas Andrea	Impact on both members payments and incorrect ABS	Project plan in place - work is double checked by system team - completed for 2023	None required at present - a written procedure to be produced for new systems team members to follow	31/03/2024
	Data cleansing meeting TRP record-keeping	1	3	3	Low	No	Establish a clear and consistent data cleansing programme. Expansion of pensions dashboard.	Tim O'Connor with support from both administration and Systems teams	Without an up to date 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
Management	Procedure matrix	3	3	9	Medium	Yes	procedures all captured and up to date?	Tim O'Connor with support from both administration and Systems teams	Without an up to date procedure matrix it will be impossible to know who is following the correct procedure. This could lead to cases been incorrect benefits been paid, also	Procedure project in progress	Team Leaders to routinely capture any missing processes and monthly reviews on updates	31/03/2024
	Training matrix	3	3	9	Medium	No	Up to date with all training work - 2 new members in systems currently learning. 2 experienced admin members going on maternity leave in autumn, new cover required	Tim O'Connor	Without an up to date training matrix it will be impossible to know who is skilled in what area, what training is required and this could lead to incorrect calculations due to a lack of knowledge	unknown - risk owner to confirm update	to complete upto date training matrix	31/03/2024
	KPI - statistic's	1	4	4	Low	No	Accurate and up to date	Tim O'Connor	Without accurate and clear data it is impossible to plan the resources of the team. This has several risks	Yes	Review and annual update - new tasks to add	31/03/2024
	Discretions Employers	1	2	2	Low	No	All admin auth discretions made	Tim O'Connor and Andreas Andrea	Members may suffer if Employers have not been a clear discretions policy as required.	Project plan in place as part of employer specific work	To chase remaining Employers to obtain a written discretions policy - arrange and visit remaining employers, i.e. attendance at town council meetings. Briefing paper to outline this area.	31/12/2023
	Staffing levels	2	3	6	Medium	No	Capacity issues: 2 Senior members of staff going on maternity leave - first in July.	Tim O'Connor & Julie Barker	Resourcing work and all other projects will be hindered or slowed down by lack of experienced team members plus training for new staff.		Completion of restructure and recruitment to new posts must be expediated	30/09/2023
	LGA Bulletins – bullet points being actioned	1	4	4	Low	No	all action points addressed by Managers?	Tim O'Connor, Andreas Andrea, Tracey Rogers	Action from Bulletin not completed could have financial implications for members. Risk of reputational damage	Bulletins are reviewed monthly, actions required	To review at Monthly team meeting	31/12/2023
	Data Protection / Cyber training	2	3	6	Medium	No	Everyone adhering to the new data protection rules?	All	Member or other body wrongly notified of personal data. Heavy Fine from ICO plus reputational damage to pension fund.	training, procedures. Routine reminders.	Annual refresher training before end of 31/05/2021 required. Auditing of cases on a routine basis.	31/03/2024

Governance	Local Pension Board - administration papers	1	3	3	Low	Yes	Providing administration data to the LPB	Tim O'Connor	Board members not being able to access information at the right time.	Yes. Dates of meetings and also dates of issue of papers to Committee members to be confirmed	To ensure all administration reports are sent by the deadline given - dates of issue to the Committee to be confirmed from Bola Tobun.	31/12/2023
Employer	Employer data provided on time	1	2	2	Low	No	Work received from all employers in a timely manner on a monthly basis which contains minimal errors	Karen Bennett	member could be paid incorrectly. Plus financial and reputational damage to pension fund	unknown - risk owner to confirm	establishment of procedure and routine monitoring of performance against targets	31/03/2024
	Legal turnaround times for Admission Agreements	2	3	6	Medium	No	Internal legal not responding to request or moving work in a timely manner.	Julie Barker with support from 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.	31/03/2024
	Communications Quality Assurance	1	4	4	Low	No	letters, newsletters, website, emails, telephone calls clinics.	Tim O'Connor with support from all Pensions Team	Members not been updated at the right time.	Yes	Employer newsletter being worked on. Active & Pensioner newsletter to start work on.	31/12/2023
	Website	1	4	4	Low	No	not up to date and new branding to add to the site	Tim O'Connor with support from Systems Team	Members reading incorrect information could lead to incorrect decisions been made	Yes - project plan and review in place at present - Investment areas to add	some additions ready to now add re governance page and AVCwise information and year end information	30/09/2023
	Presentations/online	1	4	4	Low	No	Various Managers trying to cover both this role and their own. Developing new online webinars for scheme members	Tim O'Connor with support from the Pensions Team	Not having the resources to cover adequately. Information not getting to the right people at the right time.	Yes	look at recording online presentations to be held on the website and sent as a link to members.	31/12/2023
	Pension Webinars	1	4	4	Low	Yes	EPF indicated Fund would hold these in 2020 but the pandemic meant cancelling. These could be introduced in an online facility	Tim O'Connor with support from the Pensions Team and with HR for online Pre-retirement courses	Members don't receive the service and are not as well informed as they should be.	Yes	1:1 online pension meetings - post issue of ABS to be set up with booking system	30/11/2023
	Member Self Service	1	3	3	Low	Yes	Lack of access for all members	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	Pensioners access plus development of MSS	31/03/2024
Security	Cyber security	2	3	6	Medium	Yes	Increased risk of online attack due to pandemic	Julie Barker with support from Tim	Fraud, reputational damage	Yes	Await results of AON cyber security report	31/12/2023

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

3. Relevance to Council Plans and Strategies

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

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

4. Financial Implications – n/a

5. Legal Implications – n/a

6. Equalities Implications

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

7. HR and Workforce Implications – n/a

Appendices

1. Scape discount rate and actuarial factors - Update

https://lgpslibrary.org/assets/actgui/ew/EW_transitional_arrangements_July2023.pdf

2. Finance (No.2) Act receives Royal Assent

<https://www.legislation.gov.uk/ukpga/2023/30/contents/enacted>

3. HMRC – Abolishing the lifetime allowance - consultation

<https://www.gov.uk/government/publications/abolishing-the-pensions-lifetime-allowance>

4. Pension Dashboards

(Amendment Regulations 2023)

<https://www.legislation.gov.uk/uksi/2023/858/contents/made>

<https://www.pensionsdashboardsprogramme.org.uk/2023/07/12/an-introduction-to-the-dashboards-available-point/>

<https://www.pensionsdashboardsprogramme.org.uk/faqs/>

5. Scheme Fund Account return (SF3)

<https://www.gov.uk/government/publications/local-government-pension-scheme-funds-account-return>

Return for 2021-2022

<https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2021-to-2022>

6. Scheme Advisory Board – Scheme Annual Report 2022

<https://lgpsboard.org/index.php/scheme-annual-report-2022>

7. The Pension Regulator – Annual report and accounts for 2022/23

<https://www.thepensionsregulator.gov.uk/en/document-library/corporate-information/annual-reports>

<file:///C:/Users/toconnor/Downloads/annual-report-and-account-2022-2023.pdf>

8. LGPS Frameworks – provision of AVC services

<https://www.find-tender.service.gov.uk/Notice/019949-2023>

9. Pensions & Lifetime Savings Association (PLSA) survey results

<https://www.plsa.co.uk/Press-Centre/Press-Releases/Article/LGPS-staff-positive-about-working-for-scheme-but-regulatory-burden-and-resourcing-remain-a-challenge>

10. CMI (Continuous Mortality Investigation)

<https://actuaries.org.uk/learn/events/events-calendar/cmi-update-on-pensioner-mortality-assumptions/>

11. Pension Protection Fund (PPF)

<https://www.ppf.co.uk/news/interest-grows-over-future-of-DB-schemes-and-our-role>

<https://www.gov.uk/government/publications/departmental-review-of-the-pension-protection-fund-ppf/departmental-review-of-the-pension-protection-fund-ppf>

12. LGA Communications Working Group – July 2023

<https://www.lgpsregs.org/bulletinsetc/cwgminutes.php>

13. LGA - Fundamentals training 2023

<https://lgpslibrary.org/assets/Fundamentals/2023/Draft%20programme%202023.pdf>

Background Papers

None



London Borough of Enfield

Report Title	LBE of Enfield Pension Fund administration report – New Joiners and leavers
Report to	Local Pension Board
Date of Meeting	13 th September 2023
Cabinet Member	
Executive Director / Director	Fay Hammond
Report Author	<i>Tim O'Connor</i> <i>Tim.O'Connor@enfield.gov.uk</i>
Ward(s) affected	
Key Decision Number	Non Key
Classification	Part 1 Public
Reason for exemption	

Purpose of Report

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

Recommendations

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

1. Background and Options

1.1 Cost of living impact on members

It's important to keep an ongoing review of membership numbers in order to identify trends and impacts.

It can be argued that an indication of the cost of living crisis, can be seen by focusing on the number of members opting out or moving to the 50/50 scheme.

The issue is being looked at, at a national level and current discussions are taking place as to how data can be correctly capture to asset the full impact.

Some points to note in terms of data collection:

- If a member opts out before 3 months they are automatically refunded via their employer's payroll, so these records are not currently available.
- If a member wishes to opt out, the pensions team make members aware of the 50/50 scheme as an alternative option.
- Pension auto enrolment has an impact on data collection. All previously opted out members are automatically brought back into the Pension Scheme every 3 years. Enfield ran an auto enrolment process in May 2022, which will impact on the figures below.

Members opting out of the Fund

Period Start	Period End	Total
01/04/2020	31/03/2021	235
01/04/2021	31/03/2022	245
01/04/2022	31/03/2023	350
	Average	277

Members joining the 50/50 Scheme

Period Start	Period End	Total
01/04/2020	31/03/2021	26
01/04/2021	31/03/2022	24
01/04/2022	31/03/2023	94
	Average	48

Total Scheme Movement

Period Start	Period End	Actives Members	Deferred Members	Pensioners
01/04/2020	31/03/2021	8,319	10,035	6,259
01/04/2021	31/03/2022	8,354	10,589	6,618
01/04/2022	31/03/2023	8,389	11,269	6,934
Overall increase		+70	+1,234	+ 675

Scheme membership numbers have increased overall in the last three years. The biggest increase has been in deferred membership. It could be argued that this increase relates to members who have opted out of the scheme due to cost of living implications.

2. Preferred Option and Reasons for Preferred Option – n/a**3. Relevance to Council Plans and Strategies**

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

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

4. Financial Implications – n/a**5. Legal Implications – n/a****6. Equalities Implications**

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

7. HR and Workforce Implications – n/a**Appendices**

None

Background Papers

None

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London Borough of Enfield

Report Title	LAPFF Quarterly Engagement Update for June 2023
Report to	Local Pension Board
Date of Meeting	13 September 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk

Purpose of Report

1. This report provides an update on various Environmental, Social & Governance (ESG) issues that the Local Authority Pension Fund Forum (LAPFF) have been engaged with for the quarter ending June 2023, for the attention of the Pension Board.

Recommendations

2. The Pension Board are recommended to note the contents of this report and the attached appendix which give details on the LAPFF company engagements for the quarter.

Background and Options

3. The Enfield Pension Fund ("the Fund") is a member of the Local Authority Pension Fund Forum (LAPFF) and the Fund has previously agreed that its votes will be casted at investor meetings in line with LAPFF voting recommendations where the Fund's investment managers do not have a proxy voting policy.
4. The LAPFF, currently comprises 71 local authority pension funds with combined assets of over £210 billion. The Forum exists to promote the investment interests of local authority pension funds, and in particular to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.

5. The Fund currently delegates the exercise of its voting rights to its external equity managers, who are asked to comply as far as possible with the Fund's voting policies (generally LAPFF voting recommendations). The move to a pooled structure (with London CIV) over the medium term may impact this arrangement as voting rights would need to be exercised at pool level rather than fund level. The Fund will therefore need to ensure that it works with other London funds as well as the pool itself to ensure that in the future it is able to effectively express its views through the exercise of voting rights.

LAPFF engagement

6. For this reporting period, LAPFF engaged with various companies on different topics including Human Rights, Climate change and Governance. There was a particular focus on engagement with Technology companies. Historically, US companies do not have a culture of engaging with investors in the way UK companies do. Therefore, while voting alerts are part of an engagement escalation strategy in most markets, LAPFF often issues voting alerts as an initial point of engagement. LAPFF continues to have concerns about corporate governance and social practices at large US technology companies.
7. LAPFF issued voting alerts for Amazon, Tesla, Meta Platforms, and Alphabet, supporting shareholder resolutions on platform content and improved corporate governance practices, among others. Details of this engagement can be found in Appendix 1- LAPFF Quarterly engagement report.

Reason for Recommendation

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

Relevance to Council Plans and Strategies

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

Financial Implications

13. This is a noting report and there are no direct financial implications as a result of the contents of this report.
14. The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long term steward of assets. Ensuring good corporate governance and the adoption of sustainable business models at the

companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund. Poor corporate governance and unsustainable business practices can impact on share prices and increases the risk that the Fund may experience a loss of value in its investments in the future.

Workforce Implications

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

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Appendices

Appendix 1: LAPFF Quarterly Engagement Report

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Quarterly
Engagement
Report

April-June
2023



AGM Season, LAPFF Brazil Visit Report, Climate Voting Alerts, BP, Shell

UPDATES

AGM Season

LAPFF is always busy during AGM season, and this year was no different. In addition to attending six AGMs (including the US-based Home Depot's meeting) this quarter, LAPFF drafted a record number of voting alerts. These alerts showcased LAPFF's climate voting alert initiative, for which voting alerts were issued on over 50 climate-related shareholder resolutions.

LAPFF also issued 55 voting recommendations for environmental, social and governance (ESG) resolutions at mining companies and technology companies. These recommendations were prompted by another round of shareholder resolutions at US technology companies covering a range of ESG issues. Notably, Amazon faced 16 resolutions this year, with Alphabet and Meta Platforms each facing 10 and 11 respectively. A couple of LAPFF members even co-filed resolutions on freedom of association and collective bargaining.

LAPFF issued a voting alert for Starbucks this year in support of a shareholder resolution calling for the company to uphold better practices on freedom of association and collective bargaining. This resolution was supported by a whopping 52 percent of the shareholder vote. There were a

number of shareholder resolutions on this topic at US AGMs this year, and LAPFF anticipates more during the 2024 season.

Oil and gas companies and banks were a further area of focus for LAPFF this AGM season. LAPFF supported the Follow This resolutions at BP and Shell. The resolution received nearly 15 percent support at BP and over 20 percent support at Shell. LAPFF also raised concerns about HSBC's approach to human rights and engaged extensively with Barclays.

Drax's rhetoric and practices on climate have been a particular concern for LAPFF over the last few years. Consequently, LAPFF Vice Chair, Cllr Rob Chapman, attended the Drax AGM on the back of a LAPFF voting alert that raised significant concerns about the company's climate practices and reporting in this area.

It is interesting to note that while many ESG resolutions, and in particular socially oriented resolutions, gained traction this year, the so-called 'anti-ESG' resolutions aimed at questioning the value of ESG issues in relation to financial performance, appeared to lose ground. LAPFF will continue to issue voting alerts throughout the year as appropriate.

LAPFF Report on Visit to Brazil

As reported previously, LAPFF Chair, Cllr Doug McMurdo, visited communities devastated by the Mariana tailings dam collapse of 5 November 2015 and the Brumadinho tailings dam collapse of 25 January 2019 during the summer of 2022. The Mariana dam is owned by Samarco, which is a joint venture between BHP and Vale. The Brumadinho dam is wholly owned by Vale. LAPFF also visited Conceição do Mato Dentro to see Anglo American's Minas Rio tailings dam, which has not collapsed but about which surrounding community members have concerns.

The report of LAPFF's findings from this visit has now been made public. A related video is also available.

The report flags a host of human rights and environmental concerns that have yet to be addressed in the wake of the Mariana and Brumadinho disasters. Apart from issues related to housing, health, and livelihoods, the impact on cultural rights was a prominent problem for affected community members to whom LAPFF spoke throughout the visit. Among the range of environmental impacts noted in conversations with affected community representatives, severe concerns about water quality and availability arose consistently. There were underlying concerns about the companies' failure to engage meaningfully and effectively with all communities affected by all three of the companies' mining operations.

Cllr McMurdo also met with company



“I knew the visit would be difficult, but I wasn't prepared for the scale of devastation I saw nearly seven years on from the Mariana collapse and three and a half years on from the Brumadinho collapse. Seeing it with my own eyes was a wake up call – investors must do more! It was truly heartbreaking. My main concerns were the issues around water quality and availability and the apparent lack of communication between the companies and the communities. I can't see how there can be meaningful progress until this communication gap is rectified, but it is a tall order. I am also now more convinced than ever that this is an issue of financial materiality.”

LAPFF Chair, Cllr Doug McMurdo

VOTING ALERTS

representatives and Brazilian investors during his visit. Vale Chair, José Penido, spent two days showing Cllr McMurdo two resettlement areas in Mariana and the site of the dam collapse at Brumadinho. Cllr McMurdo met with staff at Samarco to understand better how the collapse had happened and measures the company is taking to rectify the problems. JGP Asset Management then organised a meeting of LAPFF, Brazilian investors, and Vale to discuss a sustainable way to rectify the outstanding reparations work. BHP declined to make a representative available to meet with LAPFF in Brazil.

It was clear to LAPFF from these meetings that the companies need to do a better job of communicating to both communities and investors the steps they are taking to address human rights and environmental concerns.

CLIMATE VOTING ALERTS

Objective: Due to the scale of the investment risks and as part of a continued focus on mitigating climate risks, LAPFF has been issuing a series of dedicated climate change voting alerts. These alerts recommend voting positions on climate-related shareholder resolutions with the aim of ensuring companies properly address the climate risks they face. The alerts covered companies in different sectors and centred on climate topics that LAPFF engages on, including transition plans, adequate targets, lobbying, and a just transition.

Achieved: Over the quarter, LAPFF issued climate alerts covering over 50 resolutions with half receiving the backing of 20 percent or more shareholder votes. The scale of support highlights the support for climate action among responsible investors and delivered a strong message to companies on the need for credible climate action policies and plans.

Resolutions focused on climate transition plans did well. Almost half (48 percent) of shareholder votes backed a resolution at Quest Diagnostics and over a third at Raytheon Technologies (37 percent), and JPMorgan Chase (35 percent). Similar resolutions received significant support at Lockheed Martin (33 percent), Wells Fargo (31 percent), Mosaic Company (30 percent) and Bank of America (28 percent).

Several resolutions focused on emission targets, including targets that cover all emission scopes, absolute emission reductions targets and Paris aligned targets. There were significant votes on the issue at Public Storage (35 percent), Valero Energy (32 percent), Chubb Limited (29 percent), TotalEnergies (29 percent) and Berkshire Hathaway (23 percent).

Shareholder requests for reports into alignment of direct and indirect lobbying activity with climate goals gained significant backing by shareholders. Cenovus board supported the shareholder proposal which received backing of 99 percent of shareholder votes. Lobbying resolutions were also strongly supported in spite of board opposition at Paccar (46 percent), Coterra Energy (37 percent), Wells Fargo (32 percent) and Amazon (24 percent).

This year also saw shareholder resolutions on just transition reporting, a topic which LAPFF has focused on over the past few years. The just transition resolution at BorgWarner received 31 percent of shareholder votes, 27 percent at Amazon and 16 percent at Marathon Petroleum.

In Progress: LAPFF will continue to issue climate voting alerts to support resolutions aligned with LAPFF engagement objectives. LAPFF also intends to follow up with the companies where there were significant votes in favour of shareholder resolutions to understand how the board intends to respond.

MINING VOTING ALERTS

Objective: LAPFF issued voting alerts this quarter for Rio Tinto, Anglo American, Glencore, and Vale. The aim of these voting alerts was to draw attention to both the companies and investors that there is still significant work to do on both human rights and decarbonisation in respect of creating shareholder value for investors.

Achieved: Three of the resolutions for which LAPFF recommended oppose votes at Rio Tinto were related to executive remuneration and the re-election of the sustainability committee chair. These resolutions received the highest number

of oppose votes from voting shareholders. The sustainability committee chair is scheduled to step down later in the year because she reached her nine-year limit on the board. However, LAPFF has opposed her re-election since 2021 because she has been in this role since before the company's destruction of Juukan Gorge in 2020. LAPFF also recommended opposing Anglo American's remuneration implementation and policy reports, which received oppose votes at the AGM of over five and four percent respectively.

In addition to issuing voting alerts for Rio Tinto and Anglo American, LAPFF attended the AGMs of these two companies. As with the Rio Tinto sustainability committee chair, the Anglo American sustainability committee chair received a high oppose vote (over six percent). However, unlike his Rio Tinto counterpart, he was not present at the AGM. The Anglo American chair also received an oppose vote of over three percent. LAPFF was quite surprised and disappointed when he requested that people asking questions at the meeting do so only in English, especially given that a number of affected community members had travelled from South America to attend the AGM and ask questions.

The Vale and Glencore AGMs were in Brazil and Switzerland, respectively, so LAPFF was not able to attend. Nearly 22 percent of votes opposed and abstained on Vale's annual report (the vast majority abstaining); LAPFF had recommended an oppose vote on this report in relation to its coverage of the Mariana and Brumadinho tailings dam collapses. LAPFF recommended a vote in favour of the shareholder resolution on climate at Glencore, which received nearly 30 percent support from voting shareholders.

In Progress: LAPFF will continue to engage all of these companies on both their human rights and environmental practices on the basis that improved practice in these areas will set the conditions for sustainable shareholder returns.

COMPANY ENGAGEMENTS



The headquarters of Tesla Motors

TECHNOLOGY VOTING ALERTS

Objective: LAPFF has issued voting alerts largely supporting ESG shareholder resolutions filed at technology companies over the last few years and did so again this year. In LAPFF's experience, US companies do not have a culture of engaging with investors in the way that UK and Australian companies do. Therefore, while voting alerts are part of an engagement escalation strategy in most markets, LAPFF often issues voting alerts as an initial point of engagement with US companies with which it deems there are ESG or financial concerns. LAPFF continues to have concerns about corporate governance and social practices at large US technology companies.

Achieved: LAPFF issued voting alerts for Amazon, Tesla, Meta Platforms, and Alphabet, supporting shareholder resolutions on platform content and improved corporate governance practices, among others.

In Progress: Prior to issuing voting alerts, LAPFF sends the draft alerts to the target companies for comment. If the companies comment, LAPFF includes the company comments in the alert issued to its members. However, none of the technology companies receiving voting alerts provided comments or responses to LAPFF. LAPFF continues to seek ways to engage these companies meaningfully in relation to the issues of concern to LAPFF.

COMPANY ENGAGEMENT MEETINGS

Shell

Objective: LAPFF has been seeking a meeting with the new CEO given concerns about the company's climate transition strategy under the previous CEO. Instead, Shell offered a meeting with the Chair, Sir Andrew Mackenzie.

Achieved: After a difficult start to the meeting, the tone and content of the engagement improved, and there was a more refreshing and open conversation about the challenges of decarbonisation. For that reason, and because Sir Andrew is relatively new, and was appointed after the deficit 2021 Climate Transition Plan, LAPFF recommend voting for his re-election and against the incumbent NEDs that were appointed prior to him.

In Progress: LAPFF noted at the AGM that Sir Andrew indicated that Shell would be presenting a new Climate Transition Plan before the 2024 AGM; the Forum will be engaging further on that plan. Of particular interest is the extent of disclaimers in the Transition Plan itself and in the Annual Report's reference to the Transition Plan. We therefore have the conclusion that the Transition Plan is not reliable enough to be included for strategic purposes in the Annual Report, the requirements for which have legal thresholds of reliability.

BP

Objective: LAPFF sought a meeting with the CEO to better understand BP's decision to move down its 2030 reduction targets.

Achieved: LAPFF had a cordial meeting and gained some explanations of BP's thinking, with further research and engagement in this area to follow.

In Progress: Further contact and engagement with the company is ongoing.

HSBC

Objective: LAPFF's aim in engaging with HSBC is to ensure the company continues to show leadership in climate and addresses the human rights concerns arising from the increasing integration of Hong Kong into mainland China. While

HSBC has made substantial progress on climate, certain aspects of its strategy need strengthening, in particular over the assessment of credible transition plans when lending. HSBC also faces growing human rights challenges from the increasing integration of Hong Kong into mainland China and has faced criticism for blocking the accounts of activists and the payment of pensions to those leaving Hong Kong. This point relates to shareholder proposals to split the UK and Hong Kong businesses, which have been strongly opposed by management but would be one approach to easing human rights concerns.

Achieved: LAPFF met with the Senior Independent Director to discuss its concerns. On the issue of the company split LAPFF explained that it is prepared to support the company for now, but this issue does link with broader human rights concerns over strategy and involvement in mainland China.

As a result of this meeting, LAPFF decided to issue a voting alert, recommending voting against the report and accounts as the human rights disclosures were inadequate and a broader strategy in response to the changes in Hong Kong is needed. Climate disclosure too could be improved, in particular around credible transition plans.

In Progress: The company has invited LAPFF to a follow up meeting to focus on human rights. LAPFF will seek to explore further with HSBC how it can manage the challenge of having substantial retail operations in Hong Kong now that it is under effective direct control of mainland China, while maintaining a progressive international reputation. LAPFF has also been invited to have further discussion with the company on climate finance and reporting.

Barclays

Objective: The aim of meeting with Barclays was two-fold. The first objective was to ensure continued progress on climate related disclosure and investment, including challenging the company on fossil fuel investments. The second objective was to seek to improve governance, noting CEO appointments have been a long-term issue for the company.

COMPANY ENGAGEMENTS



Headquarters of Barclays Bank in Canary Wharf

Achieved: LAPFF was offered a very late meeting with the Chair, where it expressed its concerns primarily over governance. The discussion centred on why the Financial Conduct Authority (FCA) investigation reached a different conclusion to that of the Board a year earlier, and what that might mean for the analysis and judgement of the Board. Recent press allegations had further heightened our concerns, with suggestions that the Board could have known more. LAPFF was considering issuing a voting alert recommending abstaining on the election of the Chair. However, in light of further discussions with the Chair, the alert was withdrawn.

In Progress: LAPFF expects to follow up with the Chair shortly and will further discuss governance, seeking reassurances and identifying any possible actions. LAPFF will also follow up with Barclays on climate action and disclosure, in particular the rate of wind down of fossil fuel lending.

Rio Tinto

Objective: LAPFF was outspoken about Rio Tinto's destruction of Juukan Gorge and has been engaging consistently with communities around the world affected by the miner's activities. Although LAPFF met briefly with Rio Tinto's new Chair, Dominic Barton, at the 2022 Rio

Tinto AGM, it had not met with him one-on-one. LAPFF's aim was to have a meaningful meeting with him and ensure that the company is being overseen by an effective chair.

Achieved: LAPFF Chair, Cllr Doug McMurdo, met with Mr Barton toward the end of March to discuss the company's on-going transformation in the wake of Juukan Gorge. The meeting was cordial, and Mr Barton was receptive to LAPFF's thoughts and observations. LAPFF also met with community representatives from the US, Serbia, and Madagascar to hear about their experiences with Rio Tinto. Shortly after meeting Mr Barton, Cllr McMurdo attended the Rio Tinto AGM and posed a question about how the company is seeking to improve its social license to operate.

The morning of the AGM, LAPFF also met with Vicky Peacey, the new head of Rio Tinto and BHP's joint venture, Resolution Copper, in Arizona. Having met with a community representative from Arizona, it was helpful to hear about Resolution Copper's view on the project's developments and its perceptions of community concerns about the project.

In Progress: In addition to continued community concerns about Rio Tinto's engagement with them on social and environmental matters, LAPFF continues to question the company's approach

to social and environmental impact assessments. LAPFF's view is that these impact assessments need to be more methodologically rigorous, independent, and more reflective of concerns raised by affected stakeholders critical of the company's operations.

Anglo American

Objective: LAPFF's main objective in engaging with Anglo American this quarter was to obtain the company's views on its report from LAPFF's time in Brazil visiting communities affected by Anglo American's Minas Rio mine. However, as a member of the PRI Advance group on Anglo American, LAPFF also sought to work with the other group members to establish a relationship with the company through that forum.

Achieved: Anglo American engaged significantly with LAPFF in relation to the Brazil report. Part of the engagement included a meeting with operational staff familiar with Minas Rio and with community concerns in relation to the mine and its tailings dam. The company's insights and contributions were extremely useful, and LAPFF was able to include many of them in the Brazil report.

LAPFF also attended the Anglo American AGM after having met community members from Peru, Colombia, and one of the Brazilian community members it had met during its visit. LAPFF's AGM question was whether the board would commit to visiting community members affected by Anglo American's operations during its visits to various Anglo American project sites throughout the year. The Anglo American Chair, Stuart Chambers, stated that the board would make this commitment.

Toward the end of the quarter, LAPFF joined with lead investors, Morgan Stanley and Schroders, to meet with Anglo American through the PRI Advance initiative. The company representatives appeared to welcome the engagement. LAPFF asked about the company's perceptions of why affected community members did not want to meet with local management at Anglo American sites.

In Progress: LAPFF was surprised at the Chair's request that AGM participants ask

COMPANY ENGAGEMENTS

their questions in English given the effort and expense made by the community members in traveling to the UK to attend the AGM. In the PRI Advance meeting, LAPFF asked whether the company would be willing to re-think this requirement at the next AGM. LAPFF will also seek to engage the chair about this decision.

BHP

Objective: LAPFF was pleased that BHP began to respond to LAPFF's request for engagement in relation to Brazil given that the company did not grant a meeting with BHP Brazil during LAPFF's visit. LAPFF's aim was to meet with the company to discuss further its approach to non-operated joint ventures and its community engagement approach, as well as developments in Brazil.

Achieved: The company provided helpful comments on LAPFF's report about its visit to Brazil and offered a meeting to discuss the UK litigation pertaining to the company's activities in relation to the Samarco tailings dam collapse. Samarco is a joint venture between Vale and BHP, with BHP being the non-operating joint venture partner.

In Progress: LAPFF will continue to try to engage meaningfully with BHP, including in relation to its role in the reparations for the Mariana communities in Brazil affected by the Samarco tailings dam collapse.

Vale

Objective: An ongoing area of engagement with Vale has been the time it has taken for affected community members to be resettled following the destruction of their homes in the tailing dam disasters. Alongside gaining assurances regarding the resettlement process, LAPFF sought to engage the company on other findings in the report from LAPFF's time Brazil.

Achieved: LAPFF met with representatives from the company. Whilst still slow, the company indicated that progress was being made regarding the resettlement process. LAPFF heard how the company was continuing to seek to learn from what happened to improve its practices and that the changes occurring were in part due to engagement it has had with



B&Q DIY store, Kingfisher plc

LAPFF. The meeting also discussed the importance of investors spending time with NGOs and communities, as LAPFF did in its visit to Brazil.

In progress: LAPFF will continue to follow the progress of the resettlement projects and engage on issues highlighted in LAPFF's report, including dam safety and water quality.

Kingfisher

Objective: Kingfisher was cited in a Financial Times article as providing above inflation wage increases for its lowest paid staff, in contrast to the vast majority of FTSE100 companies. LAPFF sought a meeting to understand the company's approach to remuneration and employee engagement, particularly in the context of a cost-of-living crisis.

Achieved: LAPFF met with Kingfisher in April, when company representatives provided an overview of its efforts around employee engagement and where it had provided support for its employees, looking at benefits as well as salary increases. Overall, Kingfisher described steps it was taking business-wide in this context.

In Progress: LAPFF continues to monitor company remuneration, looking at both CEO and employee pay.

Bank Leumi

Objective: As a part of the Forum's engagement with companies considered to be active in the Occupied Palestinian Territories, LAPFF has sought a meeting with Bank Leumi, an Israeli bank, to encourage the company to undergo an independently led human rights impact assessment, and to better understand the company's approach to human rights in its financing decisions.

Achieved: LAPFF met with representatives from the bank, who were open to dialogue. The Forum pointed out areas it believed disclosures could be enhanced around human rights and how the company managed such risks in its investment decisions. Whilst the company talks about human rights in its reporting, it does not provide any detail on its risk management protocols when looking at investment decisions, and how it manages potential direct and indirect adverse human rights impacts.

In Progress: LAPFF continues to push companies for meetings to discuss their approaches to human rights risk management in relation to the Occupied Palestinian Territories.

COMPANY ENGAGEMENTS



Garment factory workers in Myanmar

Home Depot

Objective: The Home Depot was reported to have alleged links to forced labour in its polyvinyl chloride (PVC) supply chain in the 'Built on Repression' report produced by Sheffield Hallam University. Alongside members from the Investor Alliance on Human Rights Uyghur Working Group, LAPFF met with the company in December and subsequently asked a question at the company's AGM in May.

Achieved: At the AGM, LAPFF asked the company if it would commit to undertaking a mapping of its supply chain in higher-risk areas such as Xinjiang, and whether it would undertake an independently led human rights impact assessment on its PVC supply chain. The company provided a general response on its supply chain due diligence but did not commit to either of LAPFF's requests.

In Progress: Alongside the other investors involved in the engagement, LAPFF will be seeking to organise another call with

the company to further discuss its global supply chain due diligence with a focus on its PVC supply chain and Uyghur forced labour.

Next

Objective: Myanmar has been under an extended state of emergency and fraught with a variety of human rights issues since the military coup in February 2021. The Ethical Trading Initiative posted guidance last September for companies in the country's garment sector, with many choosing to exit the country having exhausted efforts to leverage positive human rights outcomes. Next is one of just a few companies still operating in the country, so LAPFF wanted to understand why the company has chosen to stay.

Achieved: LAPFF Executive member, Sian Kunert, met with Next to discuss its position in the country and what it was doing in the context of human rights risk management and due diligence. Sian asked the company representatives if they thought that Next was doing something different from its peers that allowed it to stay in the country and to respect

workers' and community members' human rights in doing so. Whether it was safe to carry out audits in the country was also probed. LAPFF requested increased disclosure of child labour concerns and remediation practices.

In Progress: LAPFF will continue to monitor the company's response to the ongoing coup in Myanmar and potential labour rights issues that may arise and affect its approach to human rights.

Adidas

Objective: Adidas is another company that maintains operations in Myanmar. It was also subject to a letter from the US House Select Committee on the Chinese Communist Party regarding supply chain links to cotton produced with Uyghur forced labour. As with Next, LAPFF was keen to understand why Adidas has decided to maintain operations in the country.

Achieved: LAPFF met with Adidas to discuss these supply chain issues in the context of the company's approach to human rights risk management in its

COLLABORATIVE ENGAGEMENTS

global supply chains. LAPFF Executive member, Sian Kunert, asked questions about the development of the company's human rights policy, its decision to remain in Myanmar, and on its due diligence regarding Uyghur forced labour in its supply chains, which the company provided comprehensive answers to.

In Progress: It is unclear whether Adidas' response to the House Select Committee is something that will be made public. LAPFF will continue to monitor how the company chooses to publicise its supply chain practices, as well as continuing to monitor labour rights issues in both Myanmar and Xinjiang.

COLLABORATIVE ENGAGEMENTS

Toyota – CA100+

Objective: Transportation is a major cause of carbon emissions and therefore a strategically important sector to decarbonise. It is also a sector in the middle of significant transition, as technology advances and regulations and public policies make EVs more price competitive. Those companies not making the shift and seeking to slow the passage of environmental laws and regulation are therefore creating investment risks associated with not staying within 1.5 degrees of warming and being left behind by competitors shifting to EVs. One company of concern about its lobbying alignment and its plans and targets for moving to electric vehicles has been Toyota. Through the CA100+ transportation group, LAPFF has been seeking to ensure these risks are properly addressed.

Achieved: This quarter LAPFF signed on to a letter to Toyota organised by NYC Office of the Comptroller and Domini Impact Investments, which called on the company to align its strategy and lobbying activity to a 1.5 degree scenario.

Concern about Toyota's lobbying activity led to a shareholder resolution, calling for an annual review and report on the impact on Toyota caused by climate-related lobbying activities and the alignment of their activities with the goals of the Paris Agreement. As part of its climate voting alerts LAPFF supported

the resolution.

During the quarter, LAPFF also met with the company as part of the collaborative engagement. The meeting covered proposed US regulations and the company's likely position towards it. The company outlined capital expenditure on EVs, its plans for EV production, and discussed the challenges around battery sourcing.

In Progress: LAPFF will continue to engage with Toyota, and other carmakers, to ensure that plans for EV production are aligned to a 1.5 degree pathway and also ensure alignment of public policy positions with the Paris agreement.

Welltower – IIRC

Objective: LAPFF is a member of the Investor Initiative for Responsible Care (IIRC), a coalition of 138 responsible and long-term investors in the care sector with \$4.4 trillion in assets under management, coordinated by UNI Global Union. The initiative aims to address investment risks associated with employment and care standards within the social care sector. The initiative not only engages with care providers, but also Real Estate Investment Trusts to ensure that they are supporting operators meet expectations on such standards. As part of the initiative, LAPFF wrote to Welltower, a US-based REIT, seeking a meeting. LAPFF also requested the company provide information including on exposure levels and oversight mechanisms.

Achieved: As the company had not responded to requests for a meeting and information, LAPFF decided to issue a voting alert. As set out in LAPFF's policy guide, investee companies are expected to engage with shareholders and LAPFF expects boards to keep in touch with shareholder opinion. Given the lack of engagement from the company and the potential investment risks, LAPFF recommended voting against the chair of the company. In total 6.9 percent of shareholders voted against the chair, which although a minority position does indicate some concern from shareholders with the chair of the company.

In Progress: LAPFF will continue to participate in the IIRC and will follow up

with Welltower to engage on the potential social risks facing the REIT.

National Grid – CA100+

Objective: LAPFF's aim in engaging National Grid is to ensure that the company remains at the forefront of the energy transition. LAPFF is one of the co-leads at CA100+ on National Grid. Despite a positive superficial impression, detailed analysis reveals substantial issues – gaps in disclosure and transition plans, particularly on climate lobbying and a just transition, continuing involvement in gas distribution without a clear long term transition plan for it, and growing delays in connecting to the grid in UK, affecting the roll out of clean energy in the UK.

Achieved: Several meetings as part of LAPFF's leadership of the group have been held with the company, giving it the chance to explain its concerns and suggest best practice. The company has acknowledged some of LAPFF's comments, particularly on climate lobbying, and shortly before the AGM announced that it would publish a comprehensive review of its climate lobbying activities, a key demand of LAPFF and other CA100+ members. The company has publicised a policy proposal for addressing the delays in grid connection, which is broadly sensible, and a welcome development. In our meeting with the Chair, she acknowledged some of our concerns over strategy communication, and therefore LAPFF will expect to see further improvement on this in the coming year.

In Progress: LAPFF's focus is on understanding the company's broader long-term strategy and the assumptions behind it, in particular the role it sees for domestic gas. Continuing support for gas may explain much of its reluctance to embrace Net Zero more fully. Improved strategic disclosure would help address this, including a more balanced discussion of the use of low carbon gas, and the Company's own plans or vision for improving grid connections (ideally with targets) rather than passing the blame to regulators. These areas will form the focus on LAPFF ongoing engagement with the company over the coming year.

COLLABORATIVE/STAKEHOLDER ENGAGEMENT



National Grid gas distribution operations

Vale and Anglo American - PRI Advance

Objective: LAPFF continued to engage with both the Vale and Anglo American groups through the PRI Advance initiative on human rights. Both groups are in the process of establishing their engagement strategies, and LAPFF's aim is to contribute its knowledge from its own engagements with both companies to these engagement strategies, and to the engagements themselves.

Achieved: The Vale group held a meeting to establish its engagement strategy, and the Anglo American group held its first meeting with the company. Anglo American appeared to be very receptive to a meeting with the group, and the meeting was cordial. LAPFF contributed content to the questions posed at the meeting.

In Progress: LAPFF has been asked to become a lead investor in the Vale group given its work in Brazil and has accepted this invitation. It will continue to work with both the Vale and Anglo American

groups to engage the companies and push for meaningful human rights improvements.

30% Club Investor Group

Objective: LAPFF continues to support the 30% Club Investor Group, a coalition of investors pushing for women to represent at least 30% of boardroom and senior management positions at FTSE-listed companies. The group has extended its remit globally and has been engaging in different markets, encouraging companies to join regional charters and looking at other aspects of diversity in company practices.

Achieved: LAPFF met with Sanwa Holdings and Kamigumi Co in April. Although neither company is currently a member of the Japanese 30% Club Charter, both companies provided information around their company wide, and senior level diversity efforts.

In Progress: The Group has continued to extend its outreach to companies outside of the UK, with LAPFF set to lead on

engagements through the Group's Global Workstream sub-group.

STAKEHOLDER ENGAGEMENT

OECD Forum on Responsible Supply Chains

Objective: LAPFF was asked to present at a side event of the OECD Forum on Responsible Supply Chains. The aim of the presentation was to share LAPFF's learning from its visit to Brazil and, more broadly, its engagement with stakeholders affected by mining operations. It was also useful to engage with the other panellists to understand their work and perspectives better.

Achieved: LAPFF was approached by a number of event participants after its presentation. These participants stated that they were impressed with LAPFF's work in this area and wanted to learn more about LAPFF's experience.

In Progress: LAPFF is continuing to engage with these contacts and others made through them to explore

STAKEHOLDER ENGAGEMENT

opportunities to develop this work stream further.

Mining Communities and Workers

Objective: Communities affected by mining operations always approach LAPFF in the run up to mining company AGMs. LAPFF's aim in meeting with them is to listen to the communities' experiences in order to understand better any operational, reputational, legal, and/or financial risks associated with its members' investments. This information then feeds into questions LAPFF poses at company AGMs and company meetings.

Because LAPFF has been engaging with these communities for a number of years now, much of the engagement is focused on updates from community members about mining impacts. However, there are sadly always new communities and new concerns arising from community experiences. LAPFF is keen to learn about the perspectives of these new communities too.

LAPFF also meets with trade union representatives and hears from workers at investee companies where possible to inform its engagements with these companies.

Achieved: LAPFF met with community representatives from the US, Serbia, Madagascar, Papua New Guinea, Mexico, Peru, Colombia, and Brazil to hear about their experiences with Rio Tinto, Anglo American, and Vale. LAPFF also virtually attended a 'pre-AGM' meeting hosted by ShareAction and IndustriALL in relation to Glencore where trade union leaders and community members from a range of countries reported their concerns about Glencore's practices.

LAPFF attended a webinar to hear about the Amazon shareholder resolution on freedom of association and collective bargaining. There were Amazon workers on the call who spoke about their experiences and views about Amazon's work place practices. This webinar informed the content of LAPFF's voting alert for Amazon.

In Progress: LAPFF is continuing to meet with representatives of all of these communities on a regular basis to obtain updates for company engagements. In LAPFF's experience, the companies are



Uyghur activists and other supporters gathered on Parliament Square

receptive to the information conveyed. The ultimate goal, though, is to ensure that company practice on human rights and the environment meets community needs so that it can create the conditions for more sustainable shareholder returns.

Uyghur Forced Labour in Green Technology Supply Chains

Objective: This year, the Modern Slavery and Human Rights Policy and Evidence Centre (Modern Slavery PEC) announced a project to explore and uncover links between the climate crisis and modern slavery globally. Within this, Anti-Slavery International, Sheffield Hallam University and the Investor Alliance for Human Rights are examining Uyghur forced labour in the production of green technology, such as electric vehicles and solar panels. The project aims to provide guidance on how investors can address the risk of Uyghur forced labour and other affected peoples in green technology holdings.

Achieved: LAPFF took part in an initial consultation process for the project, looking at the Forum's understanding of forced labour in these sectors. LAPFF subsequently joined a two-day workshop alongside other investors and NGOs, taking an in-depth look at the challenges investors face in addressing these risks, engagement barriers and information gaps, before looking at potential avenues to move forward.

In Progress: LAPFF is engaging with electric vehicle manufacturers on a range of issues, inclusive of human rights, and will raise these relevant supply chain issues in engagements with such manufacturers.

CONSULTATION RESPONSES

UN Working Group on Business and Human Rights

Objective: The UN Working Group on Business and Human Rights ran a consultation this quarter on extractives, human rights, and the just transition. LAPFF has been working heavily in all three of these areas so was keen to share its views and experiences.

Achieved: LAPFF submitted a consultation response that expressed support for good human rights and environmental due diligence legislation and emphasised the need for improved stakeholder engagement by extractive companies. LAPFF welcomed the opportunity to respond, appreciating the consultation's recognition that both state and business actors have imperatives to act effectively on these issues. LAPFF's response called for mandatory reporting on climate plans to cover just transition factors, including stakeholder mapping and free, prior and informed consent (FPIC), and for boards to regularly engage with stakeholders and undertake FPIC in good faith.

WEBINARS/MEDIA

In Progress: LAPFF will continue to look for opportunities to respond to consultations when it believes it can contribute helpfully based on its engagement and policy experience.

LAPFF WEBINARS

All-Party Parliamentary Group

In early April, the LAPFF-supported APPG on Local Authority Pension Funds held a meeting with LGPS minister, Lee Rowley MP, accompanied by a senior civil servant from the Department for Levelling Up, Housing and Communities.

The meeting focused in large part on the proposed consultations on LGPS pooling and investment in illiquid assets. The minister indicated the government's preference would be for a voluntary approach to both issues and stated that the pooling consultation would be published in the coming months. On the matter of TCFD reporting, because the department received so many responses to its consultation, it was suggested that reporting requirements may not come into force until the following financial year.

The APPG also met at the end of June to discuss the LGPS and investment in illiquid assets. In the 2023 Budget, the government stated that it would: "Consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets."

On the back of the proposed consultation, the meeting heard from the Karim Palant (director of External Affairs) and Garry Wilson (chairman) of the British Private Equity & Venture Capital Association (BVCA) who highlighted the opportunities of such investment. The meeting also heard from Andrew Williamson of Cambridge Innovation Capital on the growth of venture capital. Sian Kunert, Head of Pensions at East Sussex Pension Fund and LAPFF Executive member, outlined what her fund was already doing and the opportunities and challenges of investing in illiquid assets.

LAPFF/IndustriALL Garment Workers Webinar

LAPFF again partnered with IndustriALL to host a webinar on the importance of concluding negotiated, binding agreements rather than relying on voluntary, business-driven standards to reduce both human rights risk and business risk. The webinar was chaired by LAPFF Vice Chair, Cllr John Gray, and included speakers from Due Diligence Design, Aviva Investors, IndustriALL Global Union, and the Bangladesh Garment & Industrial Workers Federation (BGIWF).

MEDIA COVERAGE

Climate

Financial Times: [Only 5% of FTSE100 companies have 'credible' climate transition plans, says EY](#)

Reuters: [UK's LAPFF recommends vote for BP climate activist resolution at AGM](#)

CNBC: [Oil major BP braces itself for shareholder revolt after scaling back its climate targets](#)

Minuto Mais [Portuguese]: [BP to quell shareholder anger after climate strategy flip](#)

Reuters: [Shell shareholders urged by LAPFF to back climate activist's resolution](#)

Syndicated in Canada's [Financial Post and Globe and Mail](#)

The Times: [Climate backlash from Shell investors](#)

The MJ: [Shell hits back after council fund criticism](#)

Offshore Technology: [LAPFF urges Shell shareholders to back climate resolution](#)

Net Zero Investor: [Shell's upcoming AGM showcases the challenges for shareholder activism](#)

CNBC: [Oil giant Shell braces for shareholder revolt over climate plans](#)

Reuters: [Analysis: Shell faces tense shareholder meeting as profits and climate collide](#)

Capital Monitor: [How investors voted on climate change at Big Oil AGMs](#)

Plastics

Business Green: [Investors sound alarm over weak corporate plastic pollution policies](#)

Mining and Human Rights

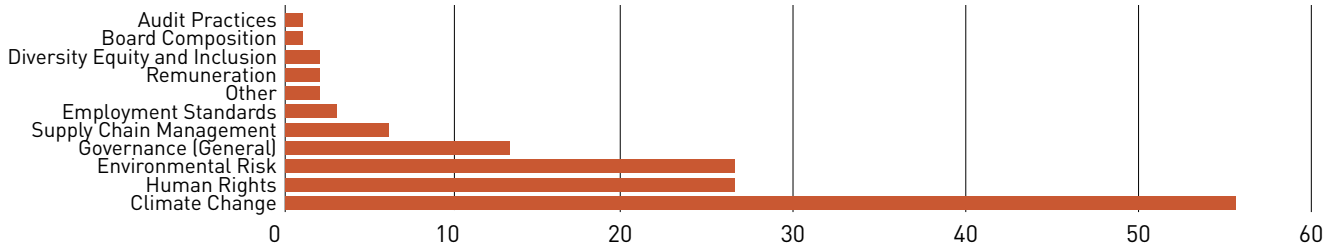
Daily Mail: [BHP blasted over clean-up of deadly mine disaster](#)

Legal Future: [Supreme Court will not hear appeal on largest-ever group action](#)

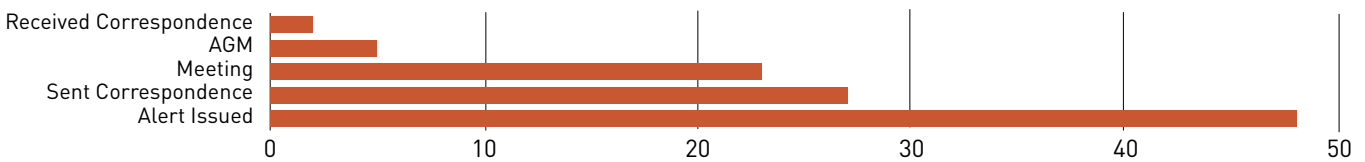
The Times: [Mindful miner Jakob Stausholm is trying to dig Rio Tinto out of a hole](#)

ENGAGEMENT DATA

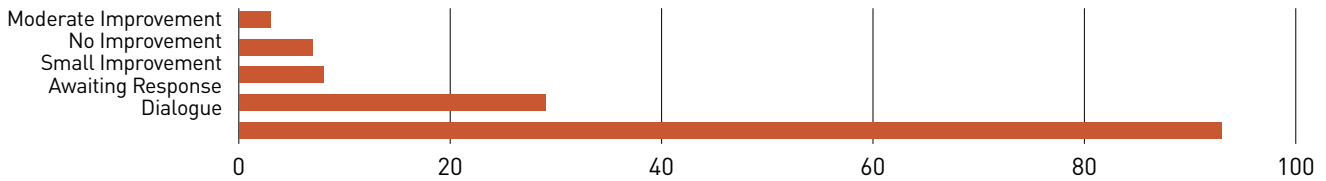
ENGAGEMENT TOPICS



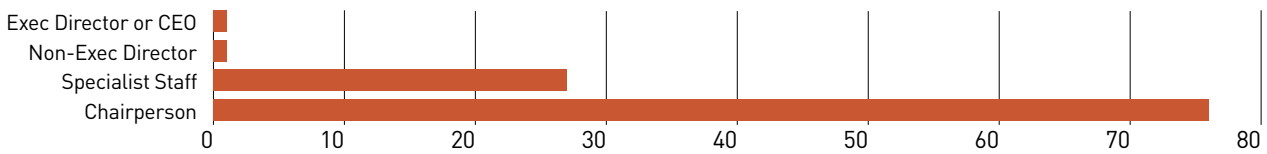
ACTIVITY



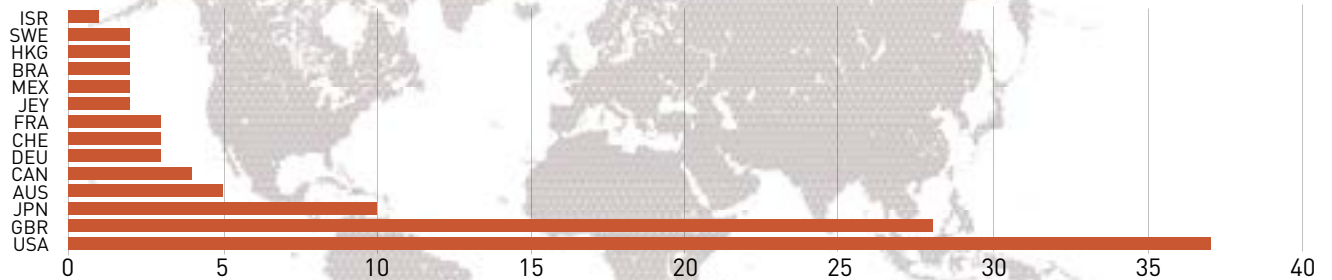
MEETING ENGAGEMENT OUTCOMES



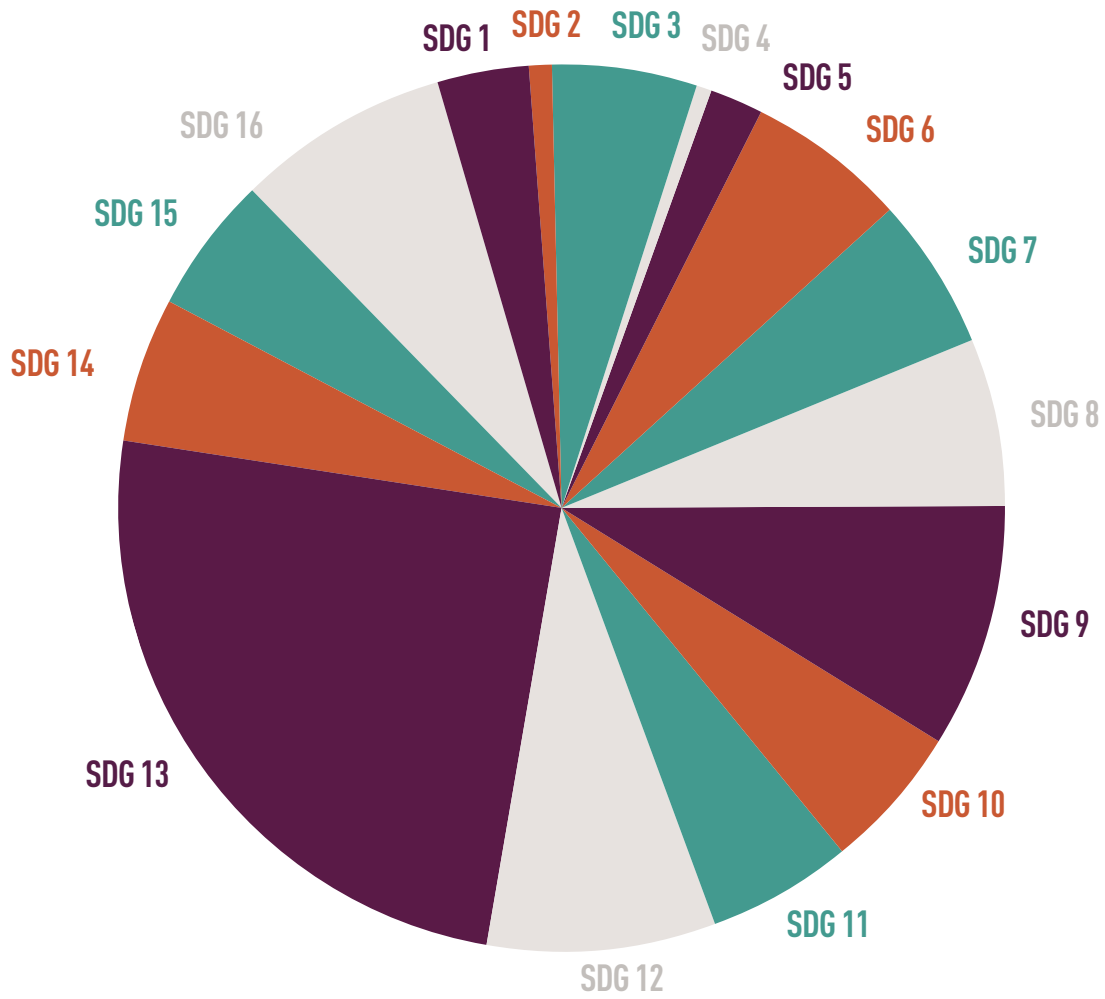
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	10
SDG 2: Zero Hunger	3
SDG 3: Good Health and Well-Being	16
SDG 4: Quality Education	1
SDG 5: Gender Equality	6
SDG 6: Clean Water and Sanitation	18
SDG 7: Affordable and Clean Energy	16
SDG 8: Decent Work and Economic Growth	19
SDG 9: Industry, Innovation, and Infrastructure	26
SDG 10: Reduced Inequalities	16
SDG 11: Sustainable Cities and Communities	16
SDG 12: Responsible Production and Consumption	25
SDG 13: Climate Action	74
SDG 14: Life Below Water	16
SDG 15: Life on Land	15
SDG 16: Peace, Justice, and Strong Institutions	23
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

LAPFF engaged 84 companies during the quarter

Company/Index	Activity	Topic	Outcome
ADIDAS AG	Meeting	Supply Chain Management	Moderate Improvement
ALPHABET INC	Alert Issued	Human Rights	Dialogue
AMAZON.COM INC.	Alert Issued	Human Rights	Dialogue
AMEREN CORPORATION	Alert Issued	Climate Change	Dialogue
ANGLO AMERICAN PLC	AGM	Human Rights	Dialogue
ASSOCIATED BRITISH FOODS PLC	Received Correspondence	Human Rights	Dialogue
BANK LEUMI LE-ISRAEL BM	Meeting	Human Rights	No Improvement
BANK OF AMERICA CORPORATION	Alert Issued	Climate Change	Dialogue
BARCLAYS PLC	Meeting	Climate Change	Dialogue
BERKSHIRE HATHAWAY INC.	Alert Issued	Climate Change	Dialogue
BHP GROUP LIMITED (AUS)	Meeting	Human Rights	Small Improvement
BORGWARNER INC	Alert Issued	Climate Change	Dialogue
BP PLC	Alert Issued	Environmental Risk	Dialogue
BRIDGESTONE CORP	Meeting	Board Composition	Small Improvement
CENOVUS ENERGY INC	Alert Issued	Climate Change	Dialogue
CENTERPOINT ENERGY INC	Alert Issued	Climate Change	Dialogue
CENTRICA PLC	Sent Correspondence	Social Risk	Awaiting Response
CHEVRON CORPORATION	Alert Issued	Climate Change	Dialogue
CHUBB LIMITED	Alert Issued	Climate Change	Dialogue
CK HUTCHISON HOLDINGS LTD	Sent Correspondence	Environmental Risk	Awaiting Response
COMCAST CORPORATION	Alert Issued	Climate Change	Dialogue
COSTAR GROUP INC	Alert Issued	Climate Change	Dialogue
COTERRA ENERGY INC	Alert Issued	Climate Change	Dialogue
DBS BANK LTD	Meeting	Climate Change	Dialogue
DOLLARAMA INC	Alert Issued	Climate Change	Dialogue
DRAX GROUP PLC	AGM	Governance (General)	Dialogue
E.ON SE	Sent Correspondence	Social Risk	Awaiting Response
EDF (ELECTRICITE DE FRANCE) SA	Sent Correspondence	Social Risk	Awaiting Response
ELECTRIC POWER DEVELOPMENT CO	Alert Issued	Climate Change	Dialogue
ENBRIDGE INC	Alert Issued	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Alert Issued	Climate Change	Dialogue
GLENCORE PLC	Alert Issued	Human Rights	Dialogue
GRUPO MEXICO SA DE CV	Sent Correspondence	Human Rights	Dialogue
GSK PLC	Sent Correspondence	Climate Change	Awaiting Response
HENNES & MAURITZ AB (H&M)	Sent Correspondence	Human Rights	Awaiting Response
HONEYWELL INTERNATIONAL INC.	Sent Correspondence	Environmental Risk	Awaiting Response
HSBC HOLDINGS PLC	Alert Issued	Governance (General)	Dialogue
IBERDROLA SA	Sent Correspondence	Social Risk	Awaiting Response
IDEX CORPORATION	Sent Correspondence	Climate Change	Awaiting Response
IMPERIAL OIL LIMITED	Alert Issued	Climate Change	Dialogue
JPMORGAN CHASE & CO.	Alert Issued	Climate Change	Dialogue
KAMIGUMI CO LTD	Meeting	Diversity Equity and Inclusion	Small Improvement
KELLOGG COMPANY	Meeting	Other	No Improvement
KINGFISHER PLC	Meeting	Employment Standards	Moderate Improvement
LINDT & SPRUNGLI AG	Sent Correspondence	Environmental Risk	Awaiting Response
LOCKHEED MARTIN CORPORATION	Alert Issued	Climate Change	Dialogue
MARATHON PETROLEUM CORPORATION	Alert Issued	Climate Change	Dialogue
MARKEL CORPORATION	Sent Correspondence	Climate Change	Awaiting Response
META PLATFORMS INC	Alert Issued	Human Rights	Dialogue
MITSUBISHI UFJ FINANCIAL GRP	Alert Issued	Climate Change	Dialogue
NATIONAL GRID PLC	Alert Issued	Climate Change	Dialogue
NEW YORK COMMUNITY BANCORP INC	Alert Issued	Climate Change	Dialogue
NEXT PLC	Meeting	Supply Chain Management	Small Improvement
NIKE INC.	Sent Correspondence	Human Rights	Awaiting Response
NINTENDO CO LTD	Sent Correspondence	Environmental Risk	Awaiting Response
PACCAR INC.	Alert Issued	Climate Change	Dialogue
PENNON GROUP PLC	Sent Correspondence	Environmental Risk	Awaiting Response
PUBLIC STORAGE	Alert Issued	Climate Change	Dialogue

COMPANY PROGRESS REPORT

QUEST DIAGNOSTICS INCORPORATED	Alert Issued	Climate Change	Dialogue
RAYTHEON TECHNOLOGIES CORP	Alert Issued	Climate Change	Dialogue
RIO TINTO GROUP (AUS)	AGM	Human Rights	Dialogue
ROCHE HOLDING AG	Sent Correspondence	Environmental Risk	Awaiting Response
SANOFI	Sent Correspondence	Environmental Risk	Awaiting Response
SANWA HOLDINGS CORP	Meeting	Diversity Equity and Inclusion	Small Improvement
SEVERN TRENT PLC	Sent Correspondence	Environmental Risk	Awaiting Response
SHELL PLC	AGM	Climate Change	No Improvement
SOUTHERN COMPANY	Alert Issued	Climate Change	Dialogue
SUMITOMO MITSUI FINANCIAL GROUP	Alert Issued	Climate Change	Dialogue
TESLA INC	Alert Issued	Human Rights	Dialogue
THE GOLDMAN SACHS GROUP INC.	Alert Issued	Climate Change	Dialogue
THE HOME DEPOT INC	AGM	Human Rights	No Improvement
THE MOSAIC COMPANY	Alert Issued	Climate Change	Dialogue
THE TJX COMPANIES INC.	Sent Correspondence	Environmental Risk	Awaiting Response
THE TRAVELERS COMPANIES INC.	Alert Issued	Climate Change	Dialogue
TOKYO ELECTRIC POWER CO INC	Alert Issued	Climate Change	Dialogue
TOTALENERGIES SE	Alert Issued	Climate Change	Dialogue
TOYOTA MOTOR CORP	Meeting	Climate Change	Small Improvement
UNITED UTILITIES GROUP PLC	Sent Correspondence	Environmental Risk	Awaiting Response
VALE SA	Meeting	Environmental Risk	Dialogue
VALERO ENERGY CORPORATION	Alert Issued	Climate Change	Dialogue
VOLVO AB	Sent Correspondence	Human Rights	Dialogue
WELLS FARGO & COMPANY	Alert Issued	Climate Change	Dialogue
WELLTOWER INC	Alert Issued	Governance (General)	Dialogue
WH GROUP LTD	Sent Correspondence	Climate Change	Awaiting Response

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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

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PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON WEDNESDAY, 19 JULY 2023****COUNCILLORS**

PRESENT (Chair) Doug Taylor, Susan Erbil, Gina Needs, Sabri Ozaydin, David Skelton and Edward Smith

OFFICERS: Ravi Lakhani (Finance Manager (Pensions and Treasury) and Olga Bennet (Director of Finance: Capital & Commercial) Robyn McLintock (Secretary)

Also Attending: Colin Cartwright (Aon)

**1
WELCOME AND APOLOGIES**

The Chairman welcomed everyone to the meeting.

There were no apologies given.

**2
DECLARATIONS OF INTEREST**

Councillor Taylor declared a non-pecuniary interest as he was appointed to the LCIV Shareholder Committee.

**3
APPOINTMENT OF VICE CHAIR**

The Chair nominated Councillor Sabri Ozaydin as Vice-Chair which was seconded by Councillor Gina Needs.

**4
MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 29 March 2023 were agreed.

**5
CHAIRS UPDATE**

The Chair attended a sustainable investment conference where a presentation from Morning Star displayed a template for information sharing.

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023

The Chair has spoken to Officers to consider consolidating the committees various sources of information to create an at-a-glance template for each of our investments.

The Chair also attended the Local Authority Pension Fund Forum Conference.

The Government has issued a consultation document on Pulin which has a deadline of October 5th.

ACTION: Ravi to send link to Committee and members to email him comments by end of August.

6

INFRASTRUCTURE INVESTMENTS

Ravi Lakhani introduced the item highlighting the key points from the report. As of 31 March 2023 the fund has a 16% strategic allocation to infrastructure assets.

AGREED to invest £75 million into the London CIV Renewable Infrastructure Fund.

AGREED to invest £50 million into the Copenhagen Infrastructure Partners (CIP V) fund.

ACTIONS:

Ravi to bring scheme of delegation to the next meeting.

Officers to seek Governance advice on a working group or sub committee to hold a further infrastructure manager selection.

7

PENSION FUND BUSINESS PLAN AND BUDGET

Ravi Lakhani presented this item highlighted the main points from the plan including the review of the contract with Aon.

The budget excludes investment returns, it has been increased with relevant allowances such as the 4% pay award and pension increase.

Members had questions on the admin costs listed in the report, to which officers explained that the cost of running the service includes the pension admin team, finance team admin staff , the oversight and governance cost associated with the funds custodians and audit costs.

ACTION Ravi to arrange training session for Members

AGREED the Pension Fund Business Plan and Budget for 2023-24.

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023

**8
FUNDING UPDATE**

Aon introduced this item explaining that employers have been paying the new contribution rates from April this year.

The fund has been in a slightly improved position over the last 12 months. Investment returns have not been as good.

NOTED the report.

**9
INVESTMENT STRATEGY UPDATE**

Aon introduced this item highlighting the key points from the report. The strategy's is revisited every 3 years. Aon's approach to settling investment strategy is to discover the beliefs, develop a clearly defined return objective, deliver a portfolio focused on the objective, then review.

Aon will propose a dedicated session in quarter 3 of 2023 to look at delivering a portfolio based on the objectives set.

ACTION Officers to arrange a training day with Members of PPIC and Aon.

**10
CASH INVESTMENT RECOMMENDATION**

Ravi Lakhani presented the item explaining that there is currently a large cash balance which is residing in money market funds which can be withdrawn without any penalties.

It is recommended is to invest £35m into Blackrock Passive Gilts fud, £35m into all diversified liquid credit fund, this will leave the £44.7m balance remaining in cash. This allows for a quicker return without tying money up.

Members raised concern regarding potential conflicts of interest with advice coming from the same company that owns the fund. It was explained that Aon have a conflict of interest policy.

Action Aon to share the conflict of interest policy with PPIC

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023

Agreed to invest £35 million into Blackrock Passive Gilts fund
Agreed for members to receive a note on due diligence done against ALL Diversified Liquid Credit fund. Subject to their being no objections the investment can be made

11
CLIMATE SCENARIO ANALYSIS

Aon presented this item explaining the 5 potential climate change scenarios and its potential impact on assets and liabilities within the fund.

A review of the funds investment strategy will take place in the second half of 2023. The implications that arise from this should be considered in the Funds Investment Strategy.

Noted the report and part 2 appendices.

12
UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS, ECONOMIC OUTLOOK

Ravi Lakhani presented this item. The value of the fund as of 31 March 2023 was £1.4m which was a £26.5m increase in the quarter.

Agreed to investigate the performance of the M&G inflation opportunities fund and receive assurances over future performance.

13
LOCAL PENSION BOARD UPDATE

Ravi Lakhani advised there were no concerns from the Local Pension Board.

Noted the Pension Board Budget and Business Plan.