

London Borough of Enfield Pension Fund: Business Plan 2018 - 2021

Introduction

London Borough of Enfield is the Administering Authority of the Enfield Local Government Pension Scheme (LGPS). Management of the Pension Fund is delegated to the Pensions Policy & Investment Committee acting in the role of 'trustees' of the Pension Fund.

The day to day running of the Fund has been delegated to the Director of Finance Resources.

The purpose of this document is to set out a business plan for the Pension Fund for the period 2018-2021 and to outline the Fund's goals and objectives over the longer term and commitments to the Pooling of Investments in the London Collective Investment Vehicle (LCIV).

Objectives

The primary objectives of the Fund are:

1. Deliver a high quality and friendly information service to all beneficiaries, potential beneficiaries and employers;
2. Clear, appropriate and timely communication with all Stakeholders;
3. To act with integrity and be accountable to stakeholders for decisions, ensuring that they are robust, well based and undertaken by people who have the appropriate knowledge and expertise;
4. To help employers recognise and manage Pension liabilities as they accrue (addressing the different characteristics of disparate employers to the extent that is practical and cost effective);
5. Optimising the return on investment consistent with a prudent level of risk over the long term.

The London Borough of Enfield Pension Fund was valued at £1.2 billion as at the 31 March 2018.

Valuations are carried out every three years. The last valuation was as at 31 March 2016, with the next one 31 March 2019. These Valuations put value on the liabilities of the Fund and compare them with the market value of assets as part of the determination of employer contribution rates.

Chart 1 membership analysis

	31 March 2014	31 March 2015	31 March 2016	31 March 2017	31 March 2018
Current Employees	6,868	7,090	7,312	7,447	7,385
Pensioners	4,427	4,675	4,964	5,265	5,188
Deferred Benefits	5,760	6,270	6,592	7,978	8,774
	17,055	18,035	18,868	20,710	21,347

Source: Heywood Pensions Administration

Chart 2 Cash Flow

Pension Fund Budget 2018-2021					
2017/18		2018/19	2019/20	2020/21	
Actual		Estimate	Estimate	Estimate	
£000		£000	£000	£000	
9,589	Employee contributions	9,600	9,600	9,700	
33,273	Employer contributions	33,600	34,000	34,500	
863	Early retirements	1,000	1,000	1,000	
1,844	Transfers in	4,000	4,000	4,000	
45,569	Total Income	48,200	48,600	49,200	
-31,985	Pensions	-33,500	-35,700	-37,500	
-6,754	Retirement/death grants	-5,000	-5,000	-5,000	
-6,289	Transfers out	-4,500	-4,500	-4,500	
-773	Admin costs	-750	-800	-850	
-391	Oversight & Governance	-400	-450	-500	
-46,192	Total Expenditure	-44,150	-46,450	-48,350	
-623	Net Surplus/(Deficit)	4,050	2,150	850	
23.9%	Employers contribution %	24.4%	24.8%	24.8%*	

Chart 3 Asset Allocation 31 March 2018

Asset Class	Actual Position 31 st March 2017 %	Target Weighting %	Expected Return (per annum)	Control Range
Equities (including Private Equity 5%)	47	40	8-11%	±10%
Bonds	22	29	4-5%	±10%
Hedge Funds	14	15	9-11%	±5%
Property (UK)	7	10	9%	±5%
Infrastructure/PFI	4	6	9%	±3%
Cash	6	-	-	-
Total	100	100		

Business Plan 2018–2021

In order to meet the objectives of the Pension Fund, the Business Plan has to be put into the context of a period of significant uncertainty for the Fund. This incorporates not only the volatile investment markets, but also Scheme changes which came into effect in 2014, along with wider changes to the pension scene which include auto-enrolment and workplace pensions and investment pooling.

Set out in the table below is the 4 year business plan for the Pension

	2018/19	2019/20	2020/21
Pension Administration			
Valuation- collection of data		Apr to Jul	
Valuation results to employers		Sept to Mar	
Auto-Enrolment	Apr to Mar	Apr to Mar	Apr to Mar
Guaranteed Minimum Pension Review	Apr to Oct		
Member data quality review	Sept-Dec		
Monthly submission of data from employers (i connect)	Apr to Mar	Apr to Mar	Apr to Mar
I –connect project – Self service	Apr-Mar		
Communications			
Member Self-service	Apr to Mar		
Annual Benefits Statements	Jul to Aug	Jul to Aug	Jul to Aug
Communication Policy review		Aug to Dec	
Member newsletters	Half yearly	Half yearly	Half yearly
Employer meeting		Dec	
Governance			
Pension Fund Accounts	Apr to May	Apr to May	Apr to May
Approve Final Pension Annual report	July	July	July
Council companies review	Oct-Mar		
Review Risk Register	Sept	May	July
Investment strategy statement	Sept/Oct	Sept/Oct	Sept/Oct
Setting & reviewing members' training programme	July to Jan	July	May
ESG review	July- Mar		
LAPFF	Ongoing	Ongoing	ongoing
Investment consultant service re-tender	Dec		
Actuary service re-tender			June to Oct
Governance CIPFA Review (including risk, responsible investor and Pooling)	Sept	Sept	Sept
Pension Regulators KPI's	Nov	Nov	Nov
Investments			
Asset allocation review			Nov to Mar
Investment strategy statement	On-going	On-going	On-going
Qualitative review of asset allocation	Nov		
Investment performance review	Quarterly	Quarterly	Quarterly
Investment Pooling	Apr to Mar	Ongoing	Ongoing
Funding			
Triennial valuation		July-Dec	
Fund maturity and liabilities profiling and monitoring	March	March	