

MINIUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 4TH OCTOBER, 2018

MEMBERS: Councillor Orhan (Chair), Paul Bishop (Vice-Chair), Paul Reddaway (Head of Finance Pension Investments), Matt Bowmer (Interim Director of Finance), Androulla Nicou (LPB Member), Julie Barker (Head of Exchequer Services), Pauline Kettless (LPB Member), Tim O'Connor (Pension Manager), Dionne Findley (Graduate Trainee) and Tariq Soomauroo (Governance & Scrutiny Officer)

Also Attending: Councillor Taylor (Chair PP&IC) & Daniel Kanaris (Aon Representative)

13. WELCOME & INTRODUCTION

Councillor Ayfer Orhan (Chair) welcomed and introduced the members of the Local Pension Board.

Apologies for absence received from Fay Hammond (Director of Finance), Councillor Pite and Milne.

Apologies for lateness received from Councillor Taylor.

14. STANDING ITEMS

- A. Local Pension Board Minutes 31 July 2018 – AGREED
- B. Register of breaches of the law – None
- C. Declaration of interests – None
- D. Risk Register – No alterations

15. GOVERNANCE REVIEW

Received a report for proposals regarding the review of the Enfield Pension Fund Governance arrangements.

Paul Reddaway (Head of Finance Pensions Investments) tabled a cover sheet to the Pension Fund Governance report.

Paul Reddaway (Head of Finance Pensions Investments) and Daniel Kanaris (Aon Representative) introduced the report.

NOTED

LOCAL PENSION BOARD - 4.10.2018

- Paul Reddaway stated that at the previous Local Pension Board meeting, members asked for assurances that the Enfield Pension Fund was operating correctly
- Paul Reddaway reported that Aon have been commissioned to run proposals for a governance review for the Local Pension Board to approve
- Daniel Kanaris highlighted Aon's proposals into the following sections;
 - o Governance Framework
 - o Scope of Governance Review
 - o Personnel
 - o Proposed Work Plan
 - o Timing and Cost
- Daniel Kanaris informed the board that Aon will review their current direction. They will make sure that Enfield have clear strategies and policies in order for them to meet the fundamental legislative requirements.
- Aon will also review and observe Enfield's decision-making committees ensuring that Enfield have an appropriate governance structure and that they are involving the right people with the appropriate skills and knowledge.
- The final report submitted will have a summary and will be presented to the Pensions Board.

Daniel Kanaris left the meeting, the chair thanked him for his presentation.

Paul Reddaway invited the Board to ask questions and comments.

The Chair considered that the Aon review would provide an independent assurance to the Board on the effectiveness of how the Pension Board operated. This would be best captured by approving option 1. The Board would consider if option 2 and 3 were required following the completion of initial report by Aon. Paul Reddaway explained that the cost of the report would be met by the pension Fund 's governance budget

The Chair suggested that the Board should try and avoid 'To Follow' reports to allow members enough time to read the reports in detail prior to the Pensions Board meetings.

Paul Bishop (Vice-Chair) stated that papers should not be tabled on at the meeting particularly when a decision is required.

Paul Reddaway explained the main body of the report which set out Aon's proposal and options was sent out to members in line with the democratic services timetable, however Paul apologised because the covering report was tabled late.

16. PENSIONS ADMINISTRATION BUSINESS UPDATE

LOCAL PENSION BOARD - 4.10.2018

Received a Briefing Report on Training/Qualifications - Continual Professional Development.

Tim O'Connor (Pension Manager) presented the item.

NOTED

- Tim O'Conner highlighted that training is being delivered to the Pensions Team. Tim stated that it is important to make sure that members of the Pension Fund receive a professional and knowledgeable service.
- Tim O'Connor stated that there is currently a 6 week turn around period for transfers in and out. Training is underway which will ensure that all members of the Pension Team are fully equipped to meet ongoing challenges.
- It was noted that the Pensions team has several new officers. They currently have eight members of staff, two of which are part time. One to one training sessions are currently being held to improve the general understanding of benefit statements.

The Committee noted the progress being made and thanked Tim O'Connor for his report.

17. REVIEW OF THE PENSION, POLICY & INVESTMENT COMMITTEE MINUTES - 1 AUGUST 2018

Received minutes from the Pension Policy & Investment Committee on the 1st August 2018.

Councillor Taylor (Chair PP&I Committee) highlighted key points from the minutes of the last meeting.

NOTED

- The Committee agreed that the additional allocation (c.6% of total assets) to fixed income will be allocated to a multi asset credit (MAC) mandate to re-position the bond portfolio strategic allocation.
- A MAC fund product is available on the London CIV and is being benched marked against other similar providers.
- The Committee is in the process of reviewing the Funds' Responsible Investment (RI) strategy. Cllr Taylor has met Share Action and Southwark Council to discuss the issue of fossil fuels.

LOCAL PENSION BOARD - 4.10.2018

- It was stated that developing a good Responsible Investment policy required clear objectives and investment beliefs and needed a holistic approach, rather than merely looking at individual environmental social and governance issues.

The Chair then invited Members of the Board to ask Questions/Discuss:

- A question was asked if there are any existing principles that should be guiding the proposals?
- This was last reviewed in n January 2017 and has been included in the fund's investment strategy statement. The Committee is now revising its responsible investment policy and will bring it back to the Pensions Board once it has been finalised.

The Chair thanked Councillor Taylor for the highlighted updates.

18. PROPOSALS FOR LGPS FUNDING REPORTING IN A 'POOLED WORLD'

Received proposals for LGPS Fund reporting in a "Pooled World".

Paul Reddaway (Head of Finance Pension Investments) presented the item.

NOTED

- The Chartered Institute of Public Finance and Accountancy (CIPFA) have put through a proposal for revised reporting for Local Government Pension Scheme (LGPS) funds
- It was highlighted that CIPFA needed to be more transparent when reporting costs and performance by the Local Government Pension Scheme (LGPS) funds and pools
- It is essential that disclosure and reporting of all costs and performance is completed in a consistent manner which meets Enfield's requirements
- Hidden Costs should be reported particularly on, transaction costs and trading costs.

The Board thanked Paul Reddaway for his presentation.

19. THE PENSIONS REGULATOR'S 21ST CENTURY TRUSTEESHIP CAMPAIGN

Received a report on the Pensions Regulator's 21st Century Trusteeship Campaign (Member of the Board to note the contents of the report).

The Local Pension Board Members noted the report.

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20. PENSIONS REGULATOR SURVEY

Received a Report on the Pensions Regulator Survey.

Paul Reddaway (Head of Finance Pension Investments) presented the item.

NOTED

- The Pensions Regulator has undertaken a survey of Public Service Pension providers, this looked at governance and administration.
- The Pensions Regulator advised Enfield that the existing data is the most important thing to look at. The Pensions Regulator advised Enfield to focus on existing data.
- The importance of using internal controls was highlighted in the meeting. For example: The board must be notified of any breaches of the law.

The Board thanked Paul Reddaway for his presentation.

21. PENSION FUND TRAINING SESSION

Received a presentation from Dionne Findley (Graduate Trainee) on LBE Pension Fund Governance Requirements. (Slides attached below)

The Committee thanked Dionne Findley for her presentation.

The Chair advised that any further questions can be emailed to Paul Reddaway on paul.reddaway@enfield.gov.uk

22. DATE OF NEXT MEETING

Thursday 20th December 2018

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LBE Pension Fund Governance Requirements



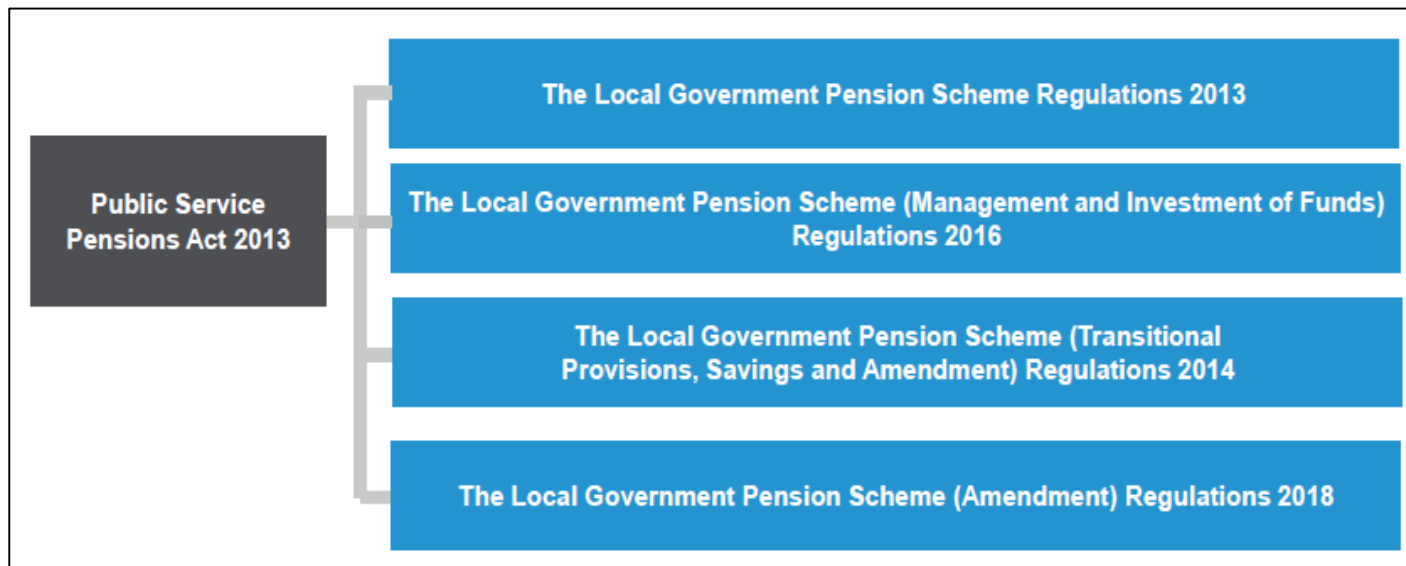
Governance and Key Legislation

- 1. The Structure and Governance of the LGPS**
- 2. Key Governance Requirements**
- 3. The Pensions Regulator Requirements**
- 4. The Pensions Statutory Requirements**
- 5. Pensions Accounting and Auditing**

The Structure & Governance of the LGPS

Governance of the LGPS

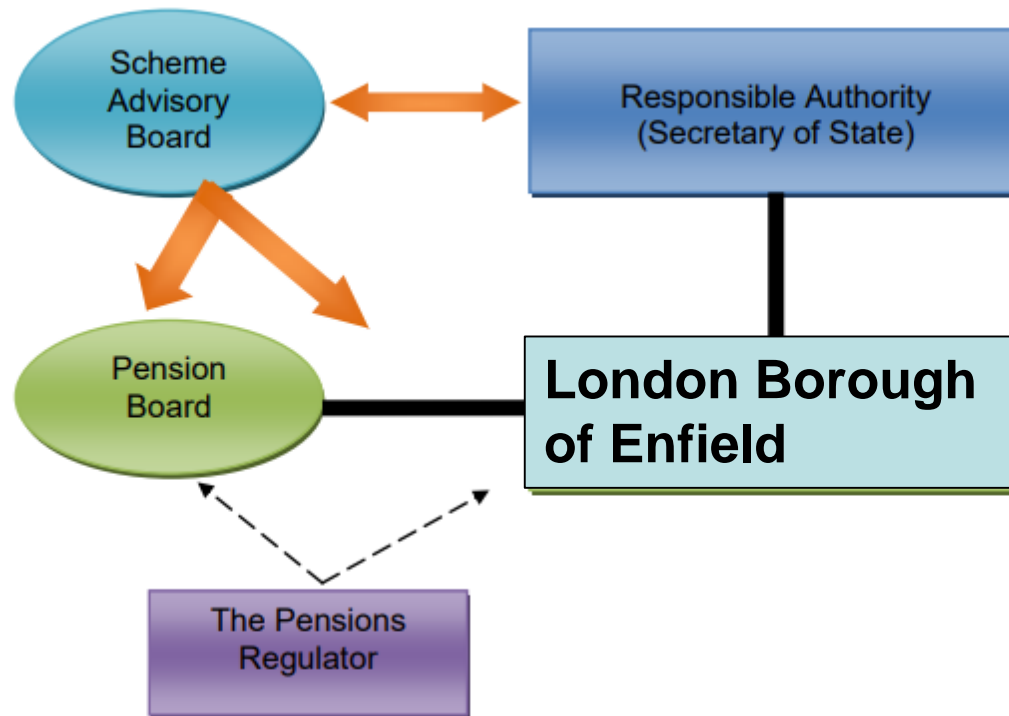
- One of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government.
- The scheme regulations were made under the **Superannuation Act 1972** and the **Public Service Pension Schemes Act 2013**.



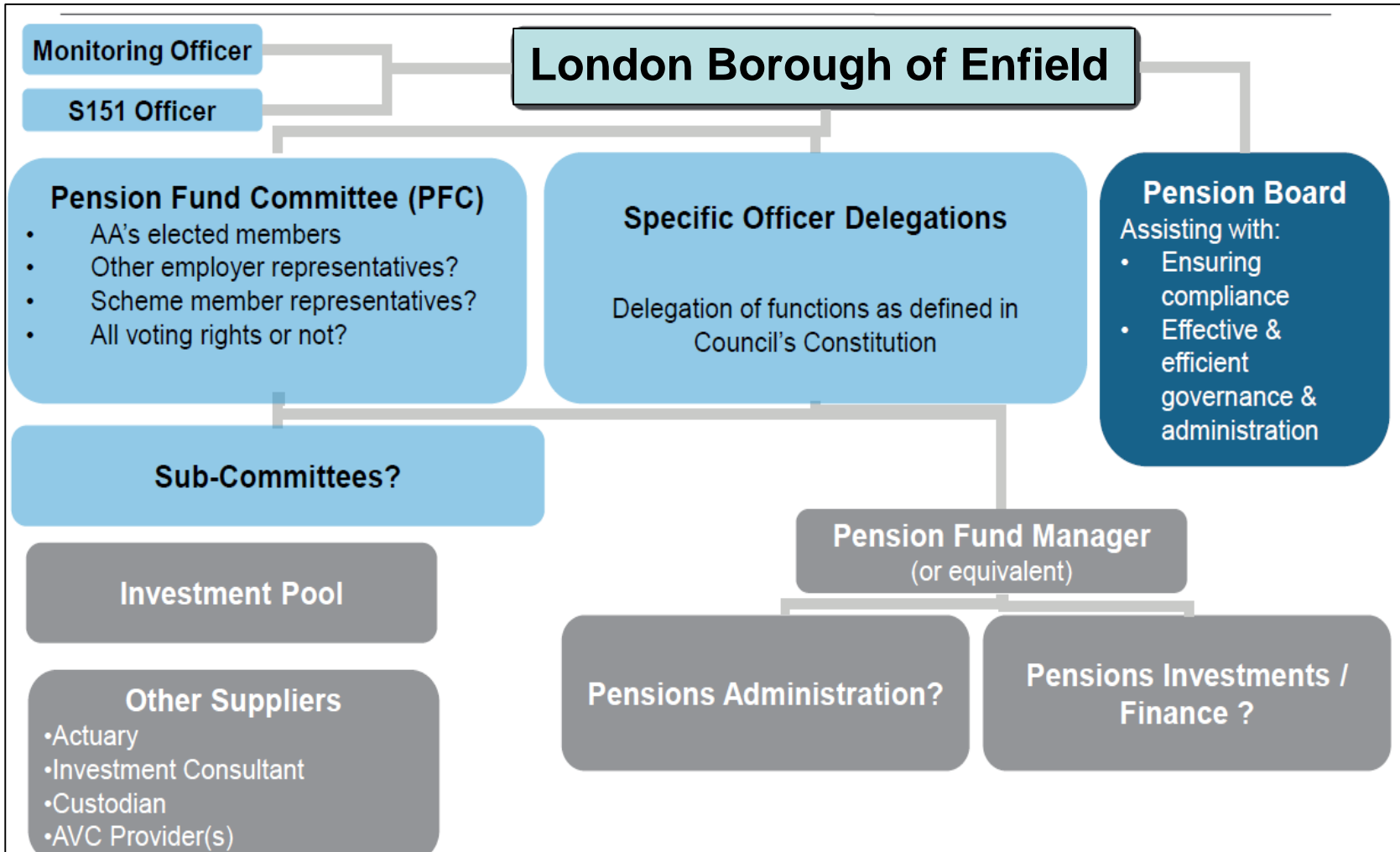
New Governance structure in the LGPS

From the 1st April 2015, the new Governance Structure of the LGPS can be summarised in the following diagram:

Post April 2015 LGPS Governance Structure



Who is in the Pension Fund ?



Pensions Boards from 1 April 2015

- Must not have a conflict of interest
- Must have employer and member representatives in equal numbers
- Members must be conversant with the rules of the scheme and any document recording policy about the administration of the scheme
- Members must have knowledge and understanding of the law relating to pensions
- Each Council must produce an agreed Board's Terms of Reference

Key Governance Requirements

Knowledge and Understanding – Pension Board Members

Legal Requirements:

Must be conversant with:

- 1) Rules of the scheme
- 2) Document recording policies about the administration of the scheme
- 3) Knowledge and understanding of the laws relating to pensions

Conflicts of Interest & representation

Legal Requirements – Section 5 of the 2013 Act

Enfield Council must be satisfied with the following:

- 1) Newly appointed members/ outstanding members of the pension board do not have a conflict of interest
- 2) Every member of the pension board must provide such information
- 3) The Pension Board must include equal numbers of employer and member representatives

Publishing information about the scheme

Legal Requirements:

- Enfield Council must publish up to date information about the pension board

- Information must include:
 - 1) Who the members of the pension board are
 - 2) Representation on the board of members of the scheme
 - 3) Matters falling within the pension board's responsibility

section 6(1) of the 2013 Act

Managing risks and Internal controls

Legal Requirements

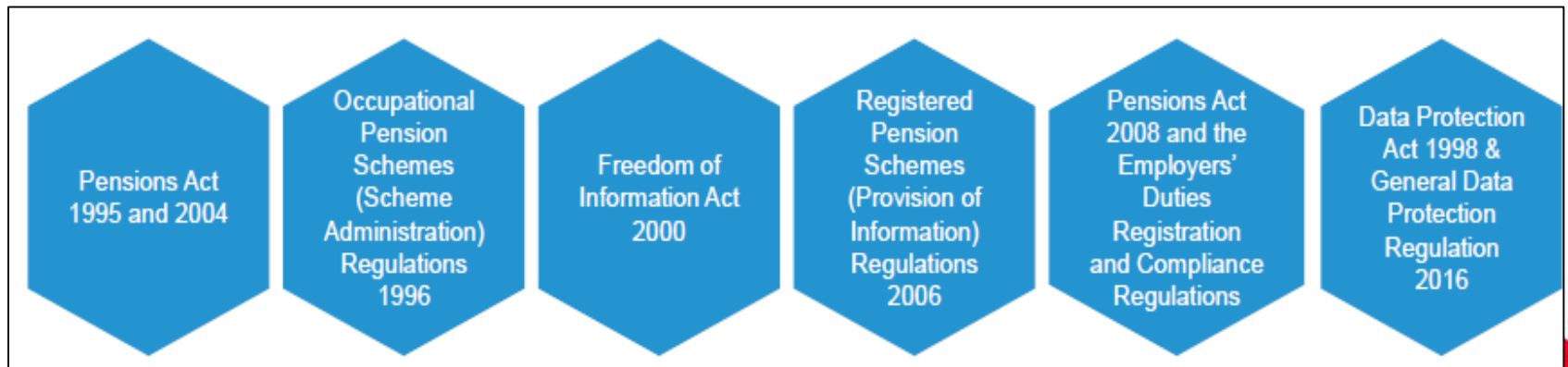
- Enfield Council is responsible for establishing and operating internal controls
- Must ensure that the scheme is administered and managed in accordance with the scheme rules and the requirements of the law

Maintaining accurate member data

Legal Requirements:

Enfield Council must keep a record of information relating to:

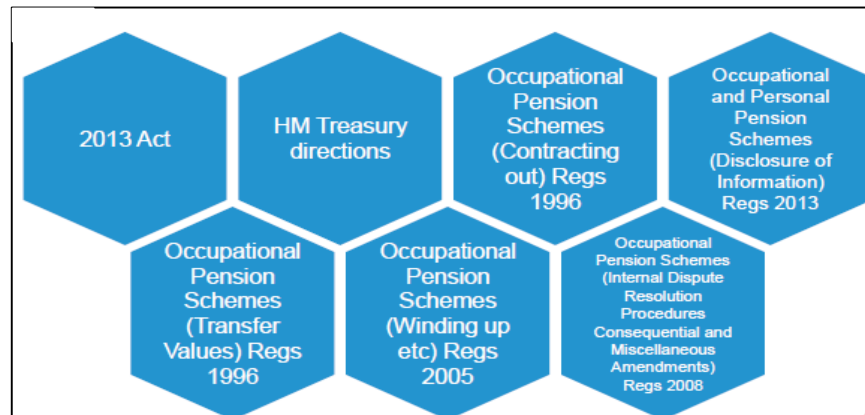
- Scheme member information
 - Transactions
 - Pension Board Meetings and decisions
- The council should also be able to demonstrate that they keep records in accordance to the following...



Providing information to members and others

Legal Requirement – Annual Benefits statements

- Must be provided no later than 17 months after the scheme has been established
- Provides a description of the benefits earned in respect of the pensionable service
- Subsequent statements must be provided at least annually!
- Other legal requirements include occupational pension schemes



Reporting breaches of the law

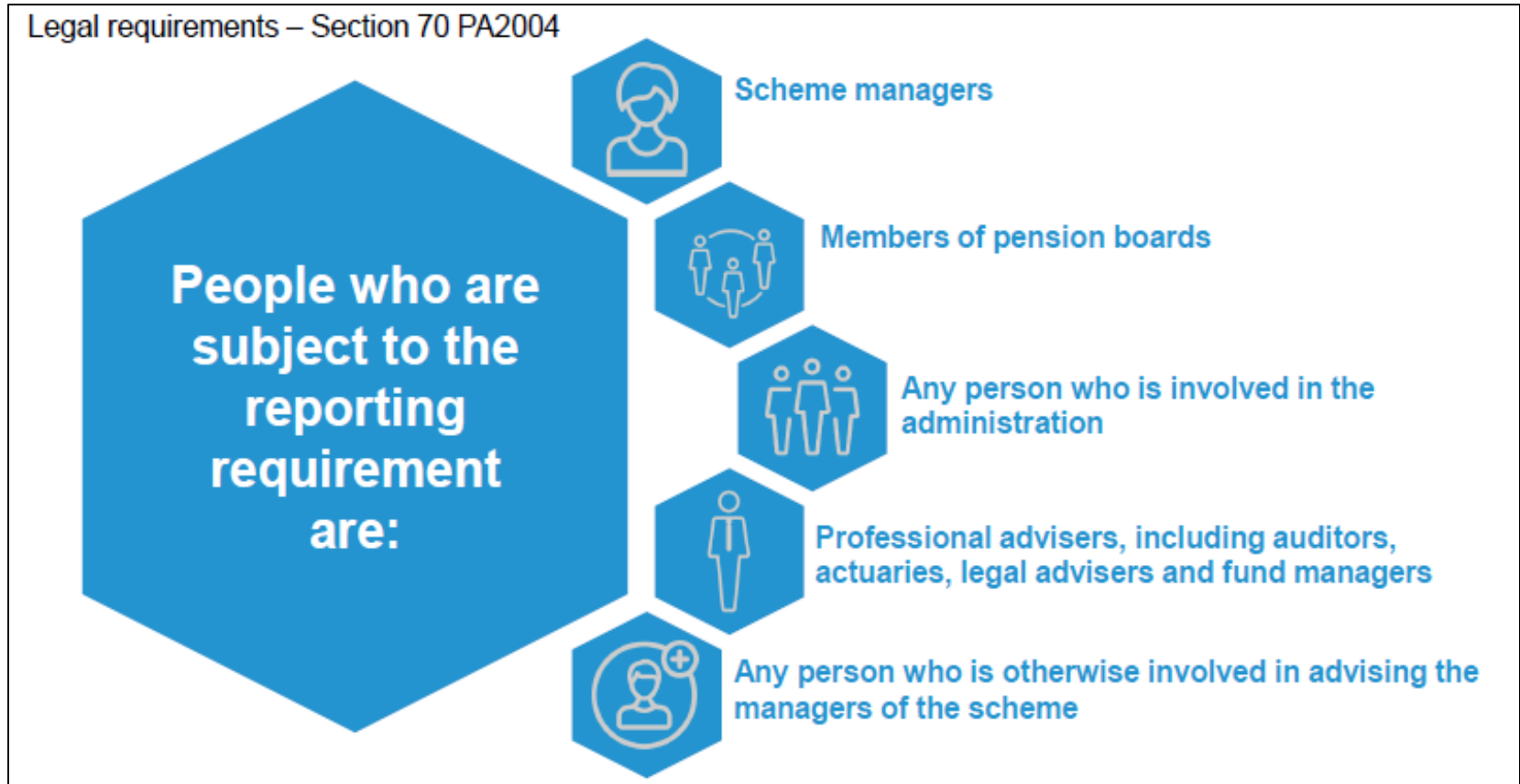
Legal requirements – Section 70 Pensions Act 2004

It is required to report breaches of the law to the pensions regulator

Example:

- A legal duty relevant to the administration of the scheme has not been complied with
- Failure to comply is likely to be significant to the Regulator and their processes.
- The report must be made in writing as soon as possible

Reporting breaches of the law



Failure to comply could result in a civil penalty (up to £5,000 individual or £50,000 otherwise)

Enforcement powers

If legal requirements are not met this can result in:

- 1) Civil Penalties
- 2) Publishing the outcome of the Activity
- 3) Power to appoint a skilled person
(section 14a 2004 Act)
- 4) Power to recover unpaid contributions



Responding to the Code of Practice

The Pension Board has a responsibility for assisting and ensuring compliance with the Pensions Regulatory system requirements.

Important for schemes to have a good governance in place

Example:

- Need to have proper documentation of compliance and good practice
- Ensure that there are good internal controls in place

The Pensions Regulator Requirements

The Pensions Regulator – The Trustee Toolkit

The Pensions Regulator | **The Trustee toolkit** You are not logged in. ([Log in](#))

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Welcome to The Trustee toolkit

The Trustee toolkit is a free, online learning programme from The Pensions Regulator aimed at trustees of occupational pension schemes.

The Trustee toolkit includes a series of online learning modules and downloadable resources developed to help you meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

You can [find more information about the Trustee knowledge and understanding requirements](#) on The Pensions Regulator's website.

About the Trustee toolkit

Why should I use the Trustee toolkit?

[Find out more about the Trustee toolkit](#) and why it's the most popular way for trustees to learn about their role

Trustee toolkit modules

[Learn more about the modules](#) and the topics they cover

Assess your learning needs

[Download our tools to assess your needs and find related learning in the toolkit](#)

News from The Pensions Regulator

Master trust pension schemes

[If you run a master trust you need to comply with duties set out in the Pension Schemes Act 2017. Some of these duties start immediately.](#)

21st century trusteeship

[Find out more about our new campaign to raise the standard of governance in pension schemes](#)

The Pensions Regulator blog

[Read our experts' views on what's happening in the pensions industry](#)

Master trusts

Additional resources for trustees of master trusts can be found on the [Pensions Regulator's website](#).

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Create an account and get started straight away.

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Recommend the toolkit

The Pensions Regulator's role – April 2015

Legislative powers

- Examples of areas covered:
 - Pension Board conflicts
 - Pension Board representation
 - Pension Board knowledge
 - Record keeping
 - Internal controls
- Enforce:
 - Improvement notices
 - Penalties
 - Criminal prosecution
 - Appointment of a skilled person

Code of Practice – Educate and Enable

- Knowledge and understanding – Pension Boards
- **Conflicts of interest*** and representation
- Publishing information about schemes
- **Managing risk and internal controls***
- **Maintaining accurate member data***
- **Maintaining contributions***
- **Providing information to members and others***
- **Resolving disputes***
- **Reporting breaches*** and late payment of employer contributions

*The Pension Regulator's Toolkit

<https://education.thepensionsregulator.gov.uk/login/index.php>

The Pensions Statutory Requirements

Key policies and Strategies

| LGPS Requirement | Associated Guidance |
|--|-----------------------------|
| Governance Policy & Compliance Statement | Secretary of State Guidance |
| Funding Strategy Statement | CIPFA Guidance |
| Statement of Investment Principles & Compliance Statement | CIPFA 'Myners' Guidance |
| Communications Policy | |
| Discretionary Policy | |
| Administration Strategy (Optional) | |

- Your responsibility to formally agree to these
- All reproduced in Annual Report and Accounts

Communications Policy

Policy concerning communications with:

- Members
- Representatives of members
- Prospective members
- Employing authorities

Including ...

- The provision of information and publicity about the Scheme to members, representatives of members and employing authorities
- The format, frequency and method of distributing such information such or publicity
- The promotion of the Scheme to prospective members and their employers

Pensions Accounting and Auditing

Pensions Accounting and Auditing

Pension Fund Annual Report Regulation 57

- Pension Fund Annual Report must be produced and published every year for the year ending the 31st March
- Published on or before 1st December following each year – end
- Must follow Secretary of State Guidance

Questions?

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