

MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 23RD JANUARY, 2020

MEMBERS: Councillors Ayfer Orhan, Paul Bishop (LPB Member), Tracey Adnan (LPB Member), Pauline Kettless (LPB Member and Victor Ktorakis (LPB Member)

Officers:

Bola Tobun (Finance Manager), Tim O'Connor (Pension Manager) and Susan O'Connell (Governance & Scrutiny Officer)

419. WELCOME & INTRODUCTIONS

The Chair welcomed everyone to the meeting.

Apologies were received from Cllr Vicki Pite, Androulla Nicou, Gareth Robinson and Julie Barker.

420. DECLARATIONS OF INTEREST

Cllr Orhan declared a non-pecuniary interest as a family member is a member of a Local government Scheme.

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

Paul Bishop declared a non-pecuniary interest as a member of a Local Government Scheme.

Tracey Adnan declared a non-pecuniary interest as a member of a Local Government Scheme.

Victor Ktorakis declared a non-pecuniary interest as a member of a Local Government Scheme.

421. MINUTES OF MEETING 17 OCTOBER 2019

The minutes of the meeting 17 October 2019 were agreed.

Matters arising regarding item 269 in the minutes. Members requested an update on the consultation. Bola Tobun advised that the formulation of investment beliefs of being carbon free took longer than expected. The legal team are now in the process of looking at this. The Chair of the PPIC will come to the Board and the consultation will take place at the AGM which is open to all scheme members. Scheme members will be invited to comment at this meeting.

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Bola Tobun are currently working with AON to come up with questions. Ideas are still being worked through on the best way to put across the consultation to ensure that the questions used are not too leading or too open.

Board members expressed disappointment that this is now one year on and the consultation is still not concluded or firmed up.

In response to details on the AGM, Board members were advised that all active members and pensioners will be invited. The AGM will be held at the Dugdale in the daytime, probably between 12-3pm. Board members felt that this would reach a limited audience with many members being unable to attend, particularly those working in schools. They suggested a roadshow in addition to the AGM may reach more people. The Board added it should be at different venues and at different times a day. Retired members have a monthly meeting the consultation should come to one of these meetings.

The Board felt that AON should not be paid for this consultation and that there was no need to spend any money.

The Board would welcome the opportunity to comment on any suggestions for questions to be used in the consultation.

422. STANDING ITEMS

This is an offshoot from the Pensions Regulator (TPR) and page 5 of the agenda pack is the improvement plan to ensure that Enfield is in line with TPR policy.

Bola Tobun advised that Enfield is now either partially or fully compliant with most items. Where Enfield is compliant these actions have not been included, however the report that comes to the next meeting will include details of compliant items.

The following was highlighted:

- Page 16-Providing information to members and others- this information is in course.
- Page 23 details the schedule of employers' contributions, in December where it is coloured pink this means that at the time of running the report this information could not be verified.
- The Risk Register will be merged to include administration and other risks in future. It only contains the items with issues so that it is easier for the Board members to read.
- Where it states failure this usually refers to an internal issue/ lack of action. Now that there is a project team there will be more proactive work undertaken in future.
- In response to a query on Trivial Commutation, Board members were advised that this is when scheme members who have relatively small pensions can exchange their regular pensions payments for a one-off cash lump sum.

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AGREED:

1. Recommendation i) Note the progress made on outstanding requirements on the Pension Regulator's compliance checklist and where further work is required and being undertaken as set out in Appendix 1
2. Recommendation ii) note the Schedule of employer Contribution as attached to this report as Appendix 2
3. Recommendation iii) Note the Risk Register and the impact and likelihood of events; attached to this report as Appendix 3.

423. INITIAL 2019 TRIENNIAL VALUATION RESULTS AND FUNDING STRATEGY STATEMENT

Bola Tobun advised that this is good news for the fund, it is now in a surplus position of £39.3 m from a deficit position of £131.9m as at 31 March 2016.

The following was highlighted:

- Page 9 of the report details and compares the results from 2016 to 2019. Attention was drawn to the Total Employer Contribution reducing from 22.8% in 2016 to 20% in 2019. Bola Tobun advised that this would have reduced further to 18.5% but kept at this level to factor in possible costs in respect of the McCloud judgement. Other London boroughs are not accounting for this or it was felt have accounted a too small an amount.
- The probability of funding success had increased from 69% in 2016 to 80% in 2019, this has been driven by market valuation. The discounted rate has reduced from 4.5% to 4.2% as the expected investment return is not predicted to be as good as in 2016.
- Page 15 details what the local authority is paying (20.2%) was previously 24.8%.
- The employer contribution rate will reduce with effect from April 2020. This decision was made by the PPIC in November 2019. The Board was disappointed that this had not been brought to the board for them to scrutinise and were not happy with this reduction.
- The Funding Strategy Statement contained with the agenda was felt to be very complex, difficult to understand and not user friendly. This should be written in a less complex manner. Bola Tobun agreed to take these comments back to the Actuary and that they could be invited to the Board to explain the strategy.
- Page 38 provided a summary of the assumptions that had been made.
- Page 10 contains a table detailing how the 39.3m surplus is made up.
- It was confirmed that the employee will not see a reduction. This rate is set by the Government.
- Following a query on if employer contribution reduces, where will money come from if there is a gap. It was confirmed that this is not pension fund contribution and will not impact on PAYE.

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- Concern was raised that lots of assumptions have been made in a very volatile environment. It is unknown what effect leaving the European Union will have and should we be dropping employer contributions at this time. Bola Tobun and actuaries have looked at this in detail, many different scenarios have been examined, to ensure that sound advice is provided. If there is a shortfall employers' contributions will then go up.
- Guard sections 13 Report will come back to Board with Enfield funding position in relation to other LGPS funds this is due out in July and will help provide a better understanding of PPIC decision.
- Bola Tobun said that for next valuation year, timings of meetings of board could be looked at to take into account timing of PPIC taking decisions and sharing in the wider realm. Board could meet shortly after PPIC so that they can scrutinise budget setting and consultation period if the meetings were close together.

The Board agreed the following statement:

The Board was disappointed that the Initial Triennial Valuation Results and Funding Strategy Statement did not come to the Local Pension Board prior to the decision being communicated to the wider audience. Further concern was expressed by the Board at the reduction to the employer contribution rate given the uncertainty in the current financial climate. The Board felt that it was inappropriate to have reduced the contribution in the light of the current financial climate. Timings of the Board meetings should compliment those of the PPIC meetings in order for the Local Pension Board to consider reports and decisions in a timely manner so that they can contribute to those decisions prior to the decisions being communicated more widely.

424. PENSION ADMINISTRATION PERFORMANCE AND UPDATE

Tim O'Connor advised that there was not a lot to report since October's meeting. The stats that had been provided were for quarter three and were both pleasing.

For the next quarter further charts are being developed which will include more details. There will also be a whole year's information on starters.

He highlighted the following:

- The overall work outstanding has reduced by 35.5% when compared between 1/1/2019 and 31/12/2019.
- An upgrade to our Member self-service function is commencing shortly, which will enable all scheme members to be able to see their records and run estimates, the new version will be accessible by mobile and ipads, which currently is not available. This will also eventually be available to both former and retired members, but the upgrade will start firstly for active members, then deferred and then pensioners.
- Meeting will take place with employers after upgrade to showcase what Enfield has to offer. Payroll now have systems in place such as electronic payslips.

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- Following the December valuation with employers and coverage of the iconnect employer system. An employer who had previously moved to an alternative payroll provider has decided to re-join Enfield Payroll system as the current alternative service they have received has not been as good. Further discussions with other employers with outsourced payroll providers are planned.

425. REVIEW OF GOVERNANCE COMPLIANCE STATEMENT

This report had not been included in the agenda pack so will be carried forward to the next meeting. Bola Tobun agreed to email this report out to Board members in the time being and invited any questions on this to her by email.

ACTION: Bola Tobun

426. PROCEDURES FOR RECORDING AND REPORTING BREACHES OF THE LAW

Bola Tobun advised that there is a statutory obligation to report 'materially significant' breaches of the law to the Pensions Regulator. The legal requirements are detailed on pages 87 onwards.

Enfield's own policy for recording and reporting is detailed on page 95 onwards, with page 99 containing a decision tree on deciding whether to report.

The Chair would like a mini training session on this issue, a workshop could be offered with dates after 10am in the morning could be circulated. It was then suggested that this could be linked to the next Board meeting and the agenda for this meeting be reduced so could do both.

Further discussions took place around online training. It was felt would be helpful if there was a process where members could undertake online training together. Bola Tobun and Tim O'Connor agreed they would look into this further.

Action: Bola Tobun and Tim O'Connor

AGREED

1. Recommendation i) note the contents of this report and attached Appendix 1
2. Recommendation ii) note the Enfield Pension Fund Procedure for Recording and Reporting Breaches (at Appendix 2) as it relates to the Pension Board.

427. CONFLICT OF INTEREST POLICY

Bola Tobun advised that in order to ensure compliance with both the Regulations and the code of Practice for Public Service Pension Schemes an Enfield Pension Fund Conflicts of Interest Policy must be in place. This was attached in the agenda papers as appendix 2.

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AGREED

1. Recommendation i) note the contents of this report and attached Appendix 1
2. Recommendation ii) note the Enfield Pension Fund Conflict of Interest Policy attached to this report as Appendix 2
3. Recommendation iii) to complete declaration of interest in respect of their position as members of the Enfield Pension Fund Local Pension Board as set out in Appendix B of the Enfield Pension Fund Conflict of Interest Policy.

428. REVIEW OF TRAINING AND DEVELOPMENT POLICY AND MEMBER TRAINING NEEDS ANALYSIS

Page 139 details the 8 key areas in the Technical Skills and Knowledge Framework. Bola Tobun advised the Board members they need to let her know if there is any particular area that they would like to focus on.

Appendix 2 contained Learning needs analysis and training requirements (pages 1440-148). Bola agreed that she would email this round separately to board members.

Appendix 3 had not been attached Bola agreed to email this out to Board Members

Action Bola Tobun re Appendix 2 and 3

429. UPDATE FROM PENSION POLICY & INVESTMENT COMMITTEE MEETING 21 NOVEMBER

Board members had no comments on these minutes.

In response to a query on when the Training policy will be ready Board members were advised that this will be going to the PPIC meeting in February and will then come to the next Local Pension board meeting.

Members would like to receive information on the London CIPFA at its next meeting.

430. DATE OF FUTURE MEETINGS

The date of the next meeting was noted.