

**London Borough of Enfield**

**PENSION POLICY AND INVESTMENT COMMITTEE**

**Meeting Date: 30 September 2021**

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**Subject: Governance Policy & Compliance Statement Review**

**Cabinet Member: Cllr Maguire**

**Executive Director: Fay Hammond**

**Key Decision: [ ]**

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**Purpose of Report**

1. This report introduces the revised Enfield Pension Fund Governance Policy and Compliance Statement aligning it to the current national guidance and requirements for Pension Fund Governance.
2. The Enfield Pension Fund Governance Policy and Compliance Statement has been prepared in accordance with the Local Government Pension Scheme Regulations.
3. It sets out the governance procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State.
4. One of the functions of the Committee is to meet the Council's duties in respect of the efficient management of the pension fund. The Committee's consideration of this information contributes towards the achievement of the Council's statutory duties.

**Proposal(s)**

5. Pension Policy and Investments Committee are recommended to:
  - i) Note the addition of two co-opted non-voting members representing employer and Scheme member interests.
  - ii) Approve Enfield Pension Fund revised Governance Policy and Compliance Statement, attached as Appendix 1, for consultation with key stakeholders, including employers and other interested parties. It is intended that the final draft be brought to the November Pension Policy & Investment Committee for final approval.

**Reason for Proposal(s)**

6. For effective and efficient management of the Fund.

7. There is a requirement for the Committee to be kept up to date with current issues and legislative developments to support and effect the effective discharge of their role.
8. Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Enfield Council, as the administering authority for the Enfield Pension Fund, to prepare a written statement setting out details of the authority's delegation of functions under the LGPS Regulations.
9. The statement sets out the governance procedures for the Fund and indicates where it is compliant with best practice as laid down in statutory guidance issued by the Secretary of State. This document presents an update to the existing statement as part of the review programme set out in the Pension Fund Business Plan.
10. **Relevance to the Council's Corporate Plan**
11. Good homes in well-connected neighbourhoods.
12. Build our Economy to create a thriving place.
13. Sustain Strong and healthy Communities.

### **Background**

14. Since 1st April 2006, administering authorities have been required to publish and maintain a pension fund governance statement setting out the governance arrangements for their Fund including details of membership, how often they meet and the decision-making process. This requirement has been maintained in the LGPS Regulations 2013, with Regulation 55 requiring funds to prepare and maintain a governance compliance statement.
15. Regulation 55 requires that:
  - (1) An administering authority must prepare a written statement setting out:
    - (a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, subcommittee or an officer of the authority;
    - (b) if the authority does so-
      - (i) the terms, structure and operational procedures of the delegation,
      - (ii) the frequency of any committee or sub-committee meetings,
      - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
    - (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to

the extent that it does not so comply, the reasons for not complying; and

- (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards establishment).
  - (2) An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.
  - (3) Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.
  - (4) An administering authority must publish its statement under this regulation, and any revised statement.
16. This document therefore presents an update to the Governance Policy and Compliance Statement, under the programme of regular policy review set out in the Fund's business plan. It is recommended that the Committee approve the policy and statement for consultation with key stakeholders, including employers and other interested parties. It is intended that the final draft be brought to the November Pension Policy & Investment Committee for final approval.
  17. The Governance and Compliance Statement must be kept under review and updated following material change. The Fund must consult persons it considers appropriate and publish the statement.
  18. As a result of the Good Governance review which concluded in 2020 there have been changes to the last approved statement in February 2020.
  19. The revised policy was discussed at Pension Board on 8 September 2021, where a member of the democratic team confirmed the PPIC composition has been approved by the full Council in March 2021.
  20. The Council decides the composition and makes appointments to the Pension Policy & Investment Committee. Currently the membership of the Committee is a minimum of 5 elected Members from Enfield Council on a politically proportionate basis and the Pension Policy & Investment Committee will elect a Chair and Vice Chair.
  21. All Enfield Council elected Members have voting rights on the Committee and three voting members of the Committee are required to be able to deem the meeting quorate.
  22. In addition there will be two co-opted non-voting members representing employer and Scheme member interests. Although the co-opted representatives do not have voting rights they are treated as equal members of the Committee, they have access to all Committee Advisers, officers,

meetings and training as if they were Council Members and have the opportunity to contribute to the decision making process.

23. Voting rights are restricted to elected Members as they are deemed to be fulfilling the role of Trustees as the Pension Fund with all the legal responsibilities that this entails, it was not felt appropriate to apply the same legal definition to the lay members of the Committee and hence their role as non-voting members.
24. The above changes to the PPIC composition was approved as this was tabled by the monitoring officer at the Council meeting held in March 2021.

### **Safeguarding Implications**

25. None.

### **Public Health Implications**

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

### **Equalities Impact of the Proposal**

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

### **Environmental and Climate Change Considerations**

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

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

29. This is a noting report.

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

30. Risks arising from poor administration and management tend to be reputational but can include additional expenditure. This and future reports are designed to provide the Committee with assurance that pension risks are being adequately managed.

### **Financial Implications**

31. The S151 Officer is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that there are no direct financial implications arising as a consequence of the revised

Policy and Statement. The cost of compliance with the necessary regulations with regards to governance is minimal in comparison to the value of the fund, and the risks arising through failure to do so.

32. The effective and efficient management of Fund assets and achievement of performance targets are key to the achievement of the funding strategy objectives and this is a good decision which can result in greater cost savings to the fund.

#### **Workforce Implications**

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

#### **Property Implications**

34. None

#### **Other Implications**

35. None

#### **Options Considered**

36. This is a legislative requirement so there is no alternative option to consider.

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Date of report 13<sup>th</sup> September 2021

#### **Appendices**

Appendix 1 – Revised Governance Policy and Statement of Compliance

#### **Background Papers**