

**London Borough of Enfield**

**ENFIELD PENSION BOARD**

**Meeting Date: 15 March 2023**

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**Subject:** Enfield Pension Board General Remit and Enfield Pension Board Work Programme for 2023/24

**Cabinet Member:** Cllr Leaver

**Executive Director:** Fay Hammond

**Key Decision:** [ ]

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**Purpose of Report**

1. This report outlines the general remit of a local pension board, terms of reference and the indicative Work Programme for 2023/24 for the Enfield Pensions Board.
2. The key decision making for, and management of, the Fund has been delegated by the London Borough of Enfield the Council to a formal Pension Fund Committee (PPIC), supported by officers of the Council and advisers to the Pension Fund.
3. The Executive Director of Resources is the Section 151 Officer and therefore has a statutory responsibility for the proper financial affairs of the Council including Fund matters.
4. A local pension board has been in place since April 2015 to assist in:
  - a) securing compliance of Fund matters; and
  - b) ensuring the efficient and effective governance and administration of the Fund.
5. The work of the local pension board in assisting the Scheme Manager is broad and extensive, therefore the understanding of what the remit for the Board is undoubtedly complex.

**Proposal(s)**

6. The Pension Board is recommended to:
  - a) note the contents of this report;
  - b) note the pension board terms of reference attached as Appendix 1: and

c) approve the work programme for 2023/24 attached as Appendix 2.

### **Reason for Proposal(s)**

7. The work programme for the board has been put together to assist in the management of the Fund, so that the Council is able to perform its role as the administering authority in a structured way. The work programme is not intended to cover all aspects of Pension Fund administration; rather it is designed to assist with meeting part of its delegated function as administering authority to the Fund.
8. The Pensions Board's role is to assist the Administering Authority in ensuring compliance with the regulations. There are no immediate financial implications attached to this report, although it is recognised that the Pensions Board is able to ask for additional information or resource in order to help them to fulfil their role as the Pension Board.

### **Relevance to the Council's Corporate Plan**

9. Good homes in well-connected neighbourhoods.
10. Build our Economy to create a thriving place.
11. Sustain Strong and healthy Communities.

### **Background**

12. 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.

### **13. What is the role of a Local Pension Board?**

- a) Regulation 106(1) specifies that each Administering Authority shall establish its own Local Pension Board with responsibility for assisting the Administering Authority to secure compliance with the Regulations, other legislation relating to the governance and administration of the LGPS and the requirements imposed by the Pensions Regulator in relation to the LGPS. In addition, it must ensure the effective and efficient governance and administration of the LGPS.
- b) The Local Pension Board does not replace the Administering Authority as scheme manager or make decisions which are the responsibility of the Administering Authority in that role and have been properly delegated to a Pension Committee or officer. The role of the Board should be interpreted as covering all aspects of governance and administration of the LGPS including funding and investments.
- c) The remit of the Local Pension Board can be as wide or as narrow as is decided upon locally. However, it should be borne in mind that under regulation 106(8) of the Regulations, the Local Pension Board shall have

the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

- d) There are many areas of work which a Local Pension Board may be the most appropriate place for that work to take place, consider for example the requirements of the code of practice no. 14 from the Pensions Regulator. The Local Pension Board could be tasked with reviewing whether the Administering Authority is compliant with the requirements of that code.
14. The following extract from Schedule A in the full guidance on the establishment and operation of local Pension Boards sets out an example of the remit of a Local Pension Board.

## **SCHEDULE A**

### **Remit of a Local Pension Board**

Administering Authorities should remember that the Local Pension Board does not replace the Administering Authority or make decisions or carry out other duties which are the responsibility of the Administering Authority.

- 1) The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:
  - a) Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
  - b) Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.
  - c) Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.
  - d) Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Investment Strategy Statement.
  - e) Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.

- f) Monitor complaints and performance on the administration and governance of the scheme.
  - g) Assist with the application of the Internal Dispute Resolution Process.
  - h) Review the complete and proper exercise of Pensions Ombudsman cases.
  - i) Review the implementation of revised policies and procedures following changes to the Scheme.
  - j) Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
  - k) Review the complete and proper exercise of employer and administering authority discretions.
  - l) Review the outcome of internal and external audit reports.
  - m) Review draft accounts and scheme annual report.
  - n) Review the compliance of particular cases, projects or process on request of the Committee.
  - o) Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.
- 2) The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:
- a) Assist with the development of improved customer services.
  - b) Monitor performance of administration, governance and investments against key performance targets and indicators.
  - c) Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
  - d) Monitor investment costs including custodian and transaction costs.
  - e) Monitor internal and external audit reports.
  - f) Review the risk register as it relates to the scheme manager function of the authority.
  - g) Assist with the development of improved management, administration and governance structures and policies.

- h) Review the outcome of actuarial reporting and valuations.
  - i) Assist in the development and monitoring of process improvements on request of Committee.
  - j) Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.
  - k) Any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.
15. In support of its core functions the Local Pension Board may make a request for information to be presented to the Pensions Policy & Investment Committee with regard to any aspect of the Administering Authority function. Any such request should be reasonably complied with in both scope and timing.
16. In support of its core functions the Local Pension Board may make recommendations to the Pensions Policy & Investment Committee which should be considered, and a response made to the Board on the outcome within a reasonable period of time.
17. The Council has specific delegated functions that it has to fulfil as the administering authority to the Pension Fund. This requires that a number of monitoring and management activities are undertaken to ensure that it fully discharges its oversight and governance responsibilities to the Fund.
18. It is appropriate that the Board should set out how it intends to fulfil its roles and responsibilities. Adopting a planned approach should make monitoring easier for the Board and ensure that activities critical to the effective management of the Fund are being undertaken.
19. The Key Performance Indicators cover the following areas:
- a. Investment performance
  - b. Funding level
  - c. Death benefit administration
  - d. Retirement administration
  - e. Benefit statements
  - f. New Joiners
  - g. Transfers in and out
  - h. Employer and member satisfaction
  - i. Data quality
  - j. Contributions monitoring
  - k. Overall administration cost
  - l. Audit
20. In line with best practice, a schedule of Pension Fund key performance indicators (KPIs) covering investment and administration practices, will be provided at Pensions Board meetings.

21. An annual Work Plan will be presented to the Board for agreement. The Work Plan should be presented to the Pension Board by the last board meeting of the prior financial year to which the Work Plan applies.

## WORK PLAN

22. In designing the work plan, the priorities of the Council as the administering authority of the Fund have been considered and incorporated into the Plan. The Work Plan has been developed using the below outline action plan.

ACTIVITY	PURPOSE
<b>Administration &amp; Governance</b>	
Member training on specific and general issues	To provide training on specific issues based on identified need or emerging/ current issues. To provide ongoing training to members to enable them to challenge the advice received and equip them with the tools to enter into constructive dialogue with advisers.
Pensions Board to receive key performance indicators report on a quarterly basis	To ensure scheme is run in accordance with agreed service standards; and compliance with regulations and to deal with and rectify any errors and complaints in a timely way.
Review the current pension administration strategy	To ensure scheme is run in accordance with the rules.
Review and refresh key policy documents; the Investment Strategy Statement, Funding Strategy Statement, Governance & Communications Policy Statement as necessary (i.e. where significant changes are made)	Seek pension committee approval and formally publish any updated documents where this is deemed appropriate.
Review on-line functionality of pensions specific website or microsite	To ensure pension specific website is running with agreed service standards with easy access for employers and members for operational usage. The site to include details on pension administration information & forms, investments and accounts, annual reports. To provide a platform for on-line

	training facilities.
<b>Investment &amp; Accounting</b>	
Draft Pension Fund Annual Accounts approved by the Executive Director of Resources by September 2023	To ensure that the Council meets the regulatory timetable and fulfils its stewardship role to the Fund.
Audited Pension Fund Annual Report to be published on or before the statutory deadline of 1 December 2023	Ensure that the Council fulfils its statutory obligation and to keep members abreast of the Pension Fund activities in a transparent and accessible way.
Scrutinise and Review the Fund investment strategy	To ensure that the Fund's investment strategy is optimal. There are no current plans for a major investment strategy review over the financial year, although manager underperformance / market developments may require a review of Strategy.
Carbon Footprinting and Transition Pathways	A report on the carbon footprint of the Fund including to align investments with transition pathways
Review of (Actuarial, Investment Consultant and Independent Adviser and Custodian Services)	This may not lead to full re-tendering for these services, but reviews will be commissioned to ensure that the Fund is still receiving good value for its major services. All options will be considered in the review including joining existing framework contracts.
Review the process of 2022 Triennial Valuation and Funding Strategy Statement	The Fund is bound by legislation to undertake an actuarial valuation of its assets and liabilities to ensure that appropriate future contribution rates are set and that any Fund deficit is recovered over an appropriate period of time in line with the Fund's Strategy Statement. This report will present to Members the outcome of this exercise.

### **Safeguarding Implications**

23. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

### **Public Health Implications**

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

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

25. 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**

26. 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**

27. The adoption of a work plan will minimise risks relating to the management of the Fund and should assist in managing down the risk of non-compliance with the Council's obligations under the Regulation as the administering authority of the London Borough of Enfield Pension Fund.
28. Lack of robust governance inevitably involves a degree of risk. The successful identification, monitoring and control of risk are therefore central to the Council's pension fund management.

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

29. Not approving the report recommendations and not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

### **Financial Implications**

30. This report details the pension board remit and the work programme for 2022/23. There are no specific financial implications arising from this report and any costs associated with delivering the pension board workplan will be met by the pension fund.

### **Legal Implications**

31. Regulation 106(1) of the Local Government Pension Scheme Regulations 2013 provides for each Administering Authority to establish its own Local Pension Board with responsibility for assisting the Administering Authority to secure compliance with the Regulations, other legislation relating to the governance and administration of the LGPS and the requirements imposed by the Pensions Regulator in relation to the LGPS. The Board must also ensure the effective and efficient governance and administration of the LGPS.
32. To that end, it is necessary and appropriate for the Pensions Board to have a Work Programme that sets out in detail how it will fulfil its role and comply with its statutory duties. This Work Programme provides for Board members to be well trained and kept up to date and thus fit for purpose.



33. When making decisions regarding investment of pension funds, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

### **Workforce Implications**

34. 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**

35. None

### **Other Implications**

36. None

### **Options Considered**

37. The development and implementation of a work programme should ensure that a structured approach is in place for the monitoring and management of the Pension Fund. This should in turn ensure that the Council meets its statutory obligations as administering authority to the Fund. However, the Committee is under no obligation to adopt a work programme in carrying out its duties.

### **Conclusions**

38. The performance of the Pension Fund investments affects the required level of contributions due from employers.
39. Sound financial management of the Pension Fund, including work programme and budget-setting, helps ensure that the Pension Fund is run in an efficient and cost-effective manner. Poor management of the Pension Fund finances would result in increased costs, which would need to be met through higher employer contributions to the Pension Fund.

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### **Appendices**

Appendix 1 – LB Enfield Pension Board Terms of Reference

Appendix 2 – Pension Board Work Programme for 2023/24

**Background Papers - None**