London Borough of Enfield Pension Fund

2023/24 Draft Annual Report

Contents

Foreword by Chair

Welcome to Enfield Pension Fund Annual Report for 2023/24

As Chair of the Enfield Pension Fund (EPF / the Fund) Committee, I have the pleasure in introducing the Fund's Annual Report and Accounts for 2023/24. The accounts focus on the financial activity in 2023/24.

The membership of the Fund at March 2024 was 25,916 individuals (active employees: 7,343, pensioners: 6,813, deferred members: 8,230 and undecided/frozen: 3,530) with 54 employer organisations.

The Pension Policy & Investment Committee (PPIC) is responsible for managing the Fund, with the assistance of the Pension Board, Fund officers, external advisors and investment managers.

The Fund had £1.6 billion of funds under management at 31 March 2024 to meet the accrued benefits, with a funding position of 104% comparing assets to liabilities, putting it in a strong position. The investment return for the year to 31 March 2024 was 8.8%, which was in line with the benchmark. The returns have also been in line with benchmark over 3 and 5 year periods.

Over the past year the Fund's overall value has increased by £121m to £1.58 billion, representing an increase of 8.3%. This is considerably more than the loss experienced the year before, and above the growth assumed in the last Triennial Valuation (i.e. 4.4% per annum).

A strong performance from Bonds and positive equity market performance led by Artificial intelligence stocks contributed to strong overall returns.

The fund is in the process of rebalancing the portfolio so that it is more in line with the strategic allocation. Most notably, it is underweight infrastructure assets when compared to the strategic allocation by approximately 12%. In the second half of 2023 the Fund has made significant progress in addressing this by appointing 3 infrastructure managers and committing nearly £165m of capital to infrastructure funds investing in renewable power, decarbonisation and digitalisation. These funds will deliver long- term cash flow benefits to the fund.

The Fund's actuarial valuation at 31st March 2022 had indicated a slight improvement in the Fund funding level from 103% to 104% and an increased surplus position of £52.5m from £39.3m, even though a higher rate of inflation risk margin was allowed for in the calculation.

During the year, we have considered a wide range of issues and taken a number of key decisions affecting the Pension Fund. The Fund has continued on its journey of responsible investment, and more specifically with its focus on climate change risk, with ongoing work and developments continuing into the coming months and years. The Committee believes in applying long-term thinking in pursuit of long-term sustainable returns from well governed assets; while using evidence based long-term investment appraisal to inform decision making in the implementation of its responsible investment principles, consistent with its fiduciary responsibilities.

Enfield Pension Fund continues to favour engagement with companies and sectors over blanket divestment as it believes that this is the most effective strategy for promoting change in line with our ESG principles and protecting its long run investment interests. The Fund does not own stocks directly but seeks to influence company and sector policies via its chosen investment managers.

In light of the recent government consultation on the Local Government Pension Scheme (LGPS), we recognise the importance of engaging with policy developments that impact our fund. The consultation presents an opportunity to contribute to shaping the future of the LGPS, ensuring that it remains robust, equitable, and sustainable. We are actively participating in this dialogue, providing insights and recommendations that reflect the best interests of our members and stakeholders.

However, I am confident that Fund can adapt to meet the necessary requirements.

Enfield has continued to be an active member in the London CIV (Collective Investment Vehicle) investment pool, together with other 32 London LGPS Funds. By the end of 2022/23 a total of £850.3m (54% of the Fund) was invested on the LCIV platform, in the following assets:

Investments	**£m**
Global Equities	
LCIV Global Alpha Growth Paris Aligned Fund	119.3
LCIV Global Equity Focus Fund	130.8
LCIV Emerging Market Equity Fund	31.4
Fixed Income	
LCIV Global Bond Fund	82.3
LCIV MAC Fund	59.7
Passive Investments	
Equities – Blackrock low carbon tracker	305.5
Gilts – Blackrock	117.2
Private Markets	
Renewable Infrastructure	4.1
Total	**850.3**

The AGM held in March was a success with large numbers attending in person and virtually. I hope that this continues in the future and member feedback has been taken into account in order to make future AGM's even more relevant. We to see more members attend at the next AGM in March 2025.

The PPIC and Pension Board have worked hard in order to transform the Enfield Pension Fund. I would like to take this opportunity to express my thanks for all the support and input provided by Committee and Board members and the diligence and professionalism of our Officers and Advisers. I look forward to continuing to work with members and officers in the new financial year as the Fund seeks to meet the challenges of an ever-changing national and global environment. In presenting the Annual Report, I hope you find it helpful in understanding the Fund.

Councillor Doug Taylor
Chair of the Enfield Pension Fund
November 2024

Introduction

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and (Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by London Borough of Enfield to provide pensions and other benefits for pensionable employees of London Borough of Enfield and a range of other scheduled and admitted bodies within the borough. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council including school employees with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status; their employees may also be able to participate in the LGPS. Employee contributions are determined by central government and are between 5.5% and 12.5% of pensionable pay. Employer rates are set by the Fund actuary every 3 years following a valuation of the assets and liabilities of the Fund, with the next valuation due to take place as at 31 March 2025.

The conditions of the Local Government Pension Scheme (LGPS) Regulations set out in clear terms the benefits that are payable to Scheme members and as such the benefits are guaranteed for those members and therefore members are not reliant on investment performance for their pension benefits. The contributions payable by Scheme members are also defined in the Regulations. Employing Authorities are required to pay contributions into the Scheme in order to meet the cost of funding employee benefits and as such, are required to meet any shortfall in funding the pension liabilities of Scheme members.

The Pension Scheme as applying during the financial year 2023/24 was a defined benefit career average revalued earnings scheme which aligns LGPS retirement age with an individual's state pension age. The key benefits of the scheme are outlined below:

- Pension benefits based on a 1/49th accrual basis for each year of pensionable service with benefits calculated on the career average pay revalued annually in line with inflation.
- Pre-2014 benefits guaranteed with a final salary link for any benefits earnt prior to 1 April 2014.
- Option to pay 50% of the contribution rate to accrue 50% of the benefits.
- Option to convert some pension to lump sum on retirement on a 1:12 ratio.

- Life assurance cover 3x member final pay applicable from the day of joining scheme. Pensions for dependents: - spouses, civil partners and eligible co-habiting partners and eligible children.
- An entitlement to have pension paid early on medical grounds.
- Pensions increase annually in line with the cost of living. It should be noted that the foregoing is not an exhaustive list and that certain conditions have to be met for an individual to be entitled to the benefits outlined.

The foregoing benefit structure came into effect on 1 April 2014 and saw the start of significant changes to the public sector pension schemes. The previous LGPS introduced in 2008 was a defined benefit final salary scheme and was in operation until 31 March 2014, although it should be recognised that a large number of scheme members will have benefits accrued under both schemes and indeed some under the pre-2008 scheme. The key benefits under the 2008 scheme are outlined below:

- A guaranteed pension based on final pay and length of time in the scheme and an accrual rate of 1/60th per annum.
- Tax free lump sum on benefit accumulated prior to 1 April 2008 and option to convert some of the pension into tax free lump sum on post 1 April 2008 service.
- Life assurance cover 3x member final pay applicable from the day of joining scheme.
- Pensions for spouses/civil and co-habiting partners and children.
- An entitlement to have pension paid early on medical grounds.

Pensions increase annually in line with the CPI.

The Fund has a number of Policy documents which have not been reproduced in this report but can be found on the fund website here. These include:

- Funding Strategy Statement
- Investment Strategy Statement
- Administration Strategy
- Communications Policy
- Responsible Investment Policy

Section 1- Overall Fund Management

Scheme management and advisers

Senior Officers responsible for the fund:

Olga Bennet - Director of Finance Capital and Commercial	olga.bennet@enfield.gov.uk
Ravi Lakhani - Head of Pension Investments	ravi.lakhani@enfield.gov.uk
Julie Barker - Head of Exchequer	julie.barker@enfield.gov.uk

Asset Pool: London CIV

Investment Managers

Managed through London CIV:

LCIV Global Alpha Growth Paris Aligned Fund	Baillie Gifford & co
LCIV Global Equity Focused Fund	Longview Partners
LCIV Emerging Market Equity Fund	J.P. Morgan Asset Management
LCIV MAC Fund	London CIV
LCIV Global Bond Fund	PIMCO
LCIV Renewable Infrastructure Fund	BlackRock, Stonepeak, Quinbrook, and Foresight

Others:

BlackRock Inc	Adams Street Partners L.P.
Western Asset Management	MFS Investment Management
Aon Investments	M&G Investments
Legal & General Investment Management	CBRE Investment Management
Insight Investment	Antin Infrastructure Partners
Brockton Everlast	York Capital

Investment Consultancy and Advice Services
Aon Solutions UK Limited

Independent Investment Advisor
Carolan Dobson

Fund Custodian
Northern Trust, Canary Wharf

AVC provider
Prudential

Fund Actuary
Hymans Robertson LLP

Fund Bankers
HSBC

Legal Services
London Borough of Enfield (in-house)

External Auditor
Grant Thornton UK LLP

Risk Management

The Fund's primary long-term risk is that its assets fall short of its liabilities such that there are insufficient assets to pay promised benefits to members. The investment objectives have been set with the aim of maximising investment returns over the long term within specified risk tolerances. This aims to optimise the likelihood that the obligations regarding members' pensions and other benefits will be fulfilled.

Responsibility for the Fund's risk management strategy rests with the Pension Policy and Investment Committee. To manage risks, a Pension Fund Risk Register is maintained and reviewed quarterly. Risks identified have been reduced through planned actions. The Risk Register is managed by the Head of Pension Investments.

Risks arising from financial instruments are outlined in the notes to the Pension Fund Accounts (Note 17). This provides readers of the accounts with an overview of the impact of market movements.

The Funding Strategy and Investment Strategy Statement sets out the key risks, including demographic, regulatory, governance, to not achieving full funding in line with the strategy. The actuary reports on these risks at each triennial valuation or more frequently if required.

The key risks identified within the Pension Fund risk register are:

Objective area at risk	Risk	Risk Rating	Mitigating actions
Funding	Scheme members live longer than expected leading to higher than expected liabilities.	High	Review at each triennial valuation and adjust contribution rates and investment strategy as required.
Administration	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	Medium	**TREAT** 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.

Funding	Employee pay increases are significantly more than anticipated for employers within the Fund.	Medium	**TOLERATE** 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long-term assumption would lead to further review. 3) Employers to be made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014).
Investment	Significant volatility and negative sentiment in global investment markets following disruptive politically inspired events or general economic conditions.	Medium	**TREAT** 1) Continued dialogue with investment managers re management of political risk in global developed markets. 2) Investment strategy involving portfolio diversification and risk control. 3) Investment strategy review.
Funding	Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%	Medium	**TREAT** 1) The fund holds investment in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation Protection. 2) Adjust contribution rates at next valuation

Third Party Risks

The Council has outsourced the following functions of the Fund:

- Investment fund management;
- Custodianship of assets; and
- Pensions administration IT system.

As these functions are outsourced, the Council is exposed to third party risk. A range of investment managers are used to diversify manager risk.

To mitigate the risks regarding investment management and custodianship of assets, the Council obtains independent internal controls assurance reports from the reporting accountants to the relevant service providers. These independent reports are prepared in accordance with international standards. Any weaknesses in internal control highlighted by the controls assurance reports are reviewed and reported as necessary to the Pension Policy and Investment Committee.

The Council's internal audit service undertakes planned programmes of audits of all the Councils' financial systems on a phased basis, all payments and income/contributions are covered by this process as and when the audits take place.

Section 2- Governance and Training

Governance

Introduction

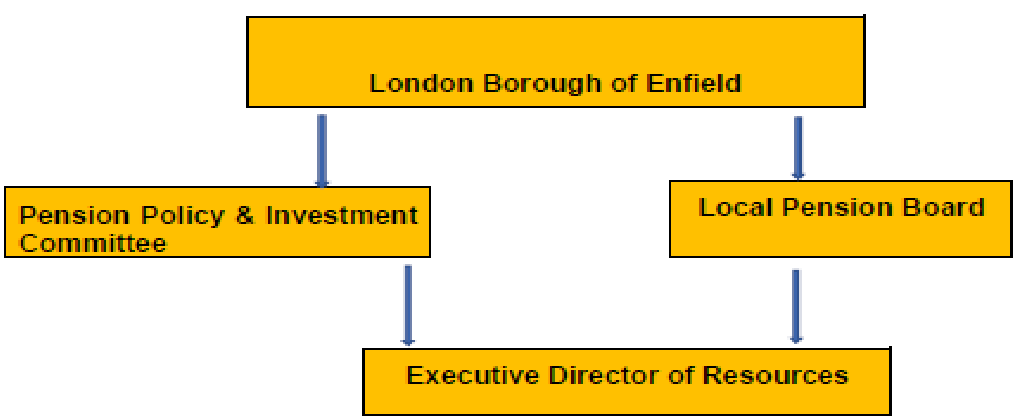
Whilst the London Borough of Enfield Pension Fund is governed by Statute, there is an amount of discretion in the regulations for pension funds within the Local Government Pension Scheme to manage their own affairs. The London Borough of Enfield Pension Fund has established its own corporate governance model that reflects the best practice from both private sector and local government schemes. The Fund's governance compliance statement is outlined in Annex B.

The London Borough of Enfield, as the Administering Authority of the Pension Fund, has delegated responsibility for the management of the Pension Fund to the Pensions Policy & Investment Committee (PPIC) and there is a Pensions Board to assist the Authority in monitoring compliance with regulations. The Local Pension Board is a statutory requirement under the Public Service Pensions Act 2013 and the LGPS Regulations 2013 (as amended) . The board is responsible for assisting the administering authority in securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the scheme.

The Government's principles for the management of final salary schemes requires funds to draw up a forward-looking business plan, including a training plan for both the trustees and officers involved in their management and administration.

The Council has a Pension Policy & Investment Committee which sets the investment strategy objective and oversees the management of the Pension Fund. It also considers all investment decisions regarding the Fund. The Committee recognised that to meet the increasing demands and complexities of the Fund, it would be appropriate to appoint an independent pension advisor to help members 'test' the advice of its investment consultant and to provide support for new areas of investment.

All operational decisions to implement these policies are delegated to the Council's Executive Director of Resources. Please see below chart illustrating the new governance arrangement.



Legal Framework

The London Borough of Enfield is the Administering Authority for the Pension Fund and pensions and entitlement to benefits are fully protected in law. Membership of the Scheme is open to all employees of the Council with the exception of teachers (who have their own pension scheme). Other employers are admitted to the Pension Fund and depending on their status their employees may also be able to participate in the LGPS

The London Borough of Enfield Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Enfield ('The Council'). The Fund was established to provide benefits for employees that include retirement pensions, widows pensions, death grants and other lump sum payments.

The Fund is governed by the Public Services Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016

The Role of the Pension Policy & Investment Committee

The Local Authority (Functions & Responsibilities) (England) Regulations 2000, state that the functions relating to the Local Government Pension Scheme are the responsibility of the full council. The Council has delegated these functions to the Pension Policy & Investment Committee whose terms of reference are agreed annually by Council.

The Pension Policy & Investment Committee consists of six members appointed by the Full Council who are responsible for the administration of the London Borough of Enfield Pension Fund in accordance with Statutory Regulations. The Committee meets a minimum of four times a year.

Governance of the Pension Fund Investments

The Committee considers the Fund's investment strategy and asset allocation of the Fund's portfolio. The Committee appointed an independent pension fund advisor, Carolan Dobson, to also sit on the Committee to give expert advice, support members, and to clarify the many complex technical issues that arise from such a diversified fund.

The Committee meets quarterly to review investment strategy and to receive reports on investment activity undertaken in the previous period. One of its important tasks is to monitor the performance of the Fund's managers in conjunction with the Fund's investment advisors Aon Hewitt, independent advisor and officers.

All other operational decisions to implement these policies are delegated to the Council's Director of Finance, Capital & Commercial.

The Pension Policy & Investment Committee for 2023/24:

- Cllr D. Taylor (Chair)
- Cllr S. Ozaydin (Vice Chair)
- Cllr E. Smith
- Cllr G. Needs
- Cllr S. Erbil
- Cllr D. Skelton

The following are the terms of reference for the Pension Policy & Investment Committee:

- To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pensions' legislation.
- To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.
- To formulate and publish an Investment Strategy Statement.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
- To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.
- To make arrangements for the triennial actuarial valuation, to monitor liabilities and to undertake any asset/liability and other relevant studies as required.
- To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
- To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.
- To receive and approve an Annual Report on the activities of the Fund prior to publication.
- To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.
- To determine all matters relating to admission body issues.
- To focus on strategic and investment related matters at two meetings.
- To review the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan
- To maintain an overview of pensions training for Members.

Committee Members Attendance Pension Policy & Investment Committee 2023/24:

	19th Jul 2023	4th Oct 2023	15th Nov 2023	17th Jan 2024	20th Mar 2024
Cllr D. Taylor	P	P	P	P	P
Cllr S. Ozaydin	P	P	A	P	P
Cllr E. Smith	P	P	P	P	P
Cllr G. Needs	P	A	A	A	A
Cllr S. Erbil	P	A	P	P	P
Cllr D. Skelton	P	P	A	S	P

Note: P: Present, A: Absence, S: Substituted, N/A: Not Applicable (Attendance not required as the individual is not a member)

Governance of London CIV

London CIV's governance model is designed to ensure high engagement with partner funds whilst making use of an FCA authorised and regulated company to ensure that investments are managed using professional expertise, with greater oversight of any third party investment managers used. Partner funds are both shareholders and clients and the reserve powers in the shareholder agreement ensure partner funds have a say in the strategic plan and financial strategy for the company. The model also ensures the involvement and engagement with stakeholders including Trade Unions (representing beneficiaries), Leaders of Local Authorities, Pension Investment Committee Chairs, S151 and Pension Officers.

Pension Board

A key aim of the Pension Board is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process. It is important to note that the Pension Board is not a decision-making body but is there to assist the Administering Authority in ensuring adherence to relevant legislation and standards. They can make recommendations and provide feedback to PPIC.

The board was established with effect from April 1, 2015, and consists of 8 voting members, 4 scheme members, and 4 employer representatives (3 of whom are Councillors appointed by the Council).

Board statement of purpose

The purpose of the Board is to assist the Administering Authority in its role as scheme manager of the Scheme. Such assistance is to:

- Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme and;
- To ensure the effective and efficient governance and administration of the scheme

The board members for 2023/24 were:

- Pauline Kettless (Chair)
- Cllr Ergin Eribil
- Cllr G. Dogan
- Cllr C. Joannides
- Alison Cannur (Employer Side)
- Paul Bishop (Employee Side)
- Tracey Adnan (Employee Side)
- Victor Ktorakis (Employee Side)

Training

CIPFA Code of Practice on Public Sector Pensions – Finance Knowledge and Skills

The adoption of the CIPFA "Pensions Finance, knowledge and skills framework, Technical Guidance for Elected Representatives and Non-executives in the Public Sector" (2010) provides the basis for a training and development programme for the Pension Policy & Investments Committee based on the latest national guidance. London Borough of Enfield Pension Fund adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

London Borough of Enfield recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.

London Borough of Enfield will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

London Borough of Enfield will report on an annual basis how these policies have been put into practice throughout the financial year.

London Borough of Enfield has delegated responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Executive Director of Resources, who will act in accordance with the organisation's policy statement, and where they are a CIPFA member with CIPFA Standards of Professional Practice.

London Borough of Enfield recognises the importance of ensuring that it has the necessary resources to discharge its pension administration responsibilities and that all staff and members charged with the financial administration, governance and decision-making with regard to the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

London Borough of Enfield therefore seeks to utilise individuals who are both capable and experienced and it will provide and/or arrange training for staff and members of the pensions decision making and governance bodies, to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

Pensions Knowledge and Skills Framework For Pensions Committee Members

Core technical areas and areas of knowledge:

Legislative and governance framework
- General pensions framework
- Scheme-specific legislation for LGPS
- Pensions regulators and advisors
- Constitutional framework for pension fund committees within administering authorities
- Pension scheme governance

Accounting and auditing standards
- Accounts and Audit regulations
- Role of internal and external audit

Procurement of financial services and relationship management
- Procurement requirements of UK and EU legislation
- Supplier risk management

Investment performance and risk management
- Monitoring of investment performance
- Performance of advisors
- Performance of the Pensions Committee
- Performance of support services

Financial markets and investment products
- Investment strategy
- Financial markets
- Regulatory requirements regarding investment products

Actuarial methods, standards and practices
- Valuations, funding strategy and inter-valuation monitoring
- Ill-health and early retirement
- Admitted bodies
- Outsourcing and bulk transfers

Pension Training on Skills & Knowledge

The Committee has an agreed Training policy by which committee members are bound. During 2023/24 all new members attended a training workshop on an introduction to the Local Government Scheme. Committee members also attended several pension fund related conferences during the year. Training was also provided during committee meetings, and as additional training sessions to ensure that Committee members maintained their ongoing pension knowledge development.

Prior to any significant investment decisions taking place, comprehensive information is provided to committee members, including if necessary, training from investment consultants, to enable informed decisions to take place.

Section 3- Financial Performance

The table below shows how the Fund's value has changed over the last five years:

Change in Fund Value	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Contributions	(55,015)	(54,485)	(54,888)	(68,805)	(65,682)
Benefits	48,080	49,013	51,638	53,244	67,467
Net (additions)/withdrawals	**(6,935)**	**(5,472)**	**(3,250)**	**(15,561)**	**1,785**
Management expenses	10,088	12,063	12,605	11,034	9,383
Net returns on investment	(12,013)	(13,214)	(16,664)	(22,223)	(33,868)
Change in Market value	44,930	(249,979)	(109,437)	93,302	(98,299)
Net (increase)/decrease in the Fund	**36,070**	**(256,602)**	**(116,746)**	**66,552**	**(120,999)**

Over the five-year period total fund value has increased in value by £392m. The most significant contributing factor's being increases in investment income and appreciation of investment assets. The Fund's investment policy and performance are explored further in the Investment section of this report. The fund has experienced a positive cash flow in relation to its dealings with members over the period and the management expenses of the fund have remained stable. These areas are analysed further below.

Dealings with members

Net Dealings with members	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Contributions					
Employees	(11,078)	(12,055)	(12,847)	(14,057)	(14,728)
Employers	(39,966)	(36,976)	(39,057)	(42,157)	(42,886)
Transfers in	(3,971)	(5,454)	(2,984)	(12,591)	(8,068)
Total Income	**(55,015)**	**(54,485)**	**(54,888)**	**(68,805)**	**(65,682)**
Benefits/expenses					
Pensions	35,828	37,222	38,392	40,608	45,776
Lump sum and death benefits	6,950	7,152	8,496	8,870	8,878
Transfers out	5,173	4,554	4,584	3,625	12,637
Refunds	129	85	166	141	176
Total Expenditure	**48,080**	**49,013**	**51,638**	**53,244**	**67,467**
Net (increase)/decrease	**(6,935)**	**(5,472)**	**(3,250)**	**(15,561)**	**1,785**

Total income has decreased in 2023/24 compared to 2022/23, driven mainly a reduction in transfer values received. Excluding transfer values, contribution income increased by 2.5% compared to last year, this is in line with annualised growth rate of 2.4% over the previous 4 years. Following the 2022 triennial valuation, new employer contribution rates came into effect from April 2023, the average rate paid by employers in the fund has fallen from 20.0% to 18.9%. This was expected to result in a slowdown in the growth of contribution income, the fact that the growth rate has held up to the five-year trend is reflective of trends in active membership and higher than anticipated pay awards across local government.

Total Expenditure increased by £14m in 23/24 compared to the prior year, a significant proportion (£9m) of this can be attributed to an increase in transfers out of the fund. Excluding transfers out and refunds, expenditure on retirement benefits has increased by 28% since 2019/20. This growth highlights the fund's increasing maturity and the recent high inflation in the UK economy, significantly surpassing the 13% rise in contribution income over the same period. Benefits are subject to cost of living increases each April, determined by the consumer price index. Base benefits increased by 10% in April 2023 and 7% in April 2024. This will be further impacted by the rate of increase in pensioners within the fund. The increase in benefits relative to contributions is therefore likely to grow over the next couple of years.

Transfers in totalled £33m for the period, whilst payments on account of leavers equalled £31m resulting in a net increase in fund assets. The timing, number, and value of transfers is dependent on individual choices, meaning it is difficult to forecast with accuracy but Fund officers monitor payments and receipts throughout the year to ensure proper cashflow management.

Fund expenses

Expenses	**2019/20 £000s**	**2020/21 £000s**	**2021/22 £000s**	**2022/23 £000s**	**2023/24 £000s**
Administration expenses	1,123	1,658	1,337	1,178	1,307
Oversight and governance expenses	108	90	97	537	685
Investment management expenses:					
Management fees	6,512	6,858	8,023	7,954	6,412
Performance related fees	304	1,032	1,355	61	50
Transaction costs	1,848	2,226	1,580	1,233	861
Custody and other expense	193	199	213	71	68
Total Investment management	8,857	10,315	11,171	9,319	7,391
Total management expenses	**10,088**	**12,063**	**12,605**	**11,034**	**9,383**

Total management expenses have fallen in the most recent financial year following a reduction in investment management expenses. This total reduction in fees was primarily driven by the Fund's divestment from two hedge fund investments in the final quarter of 2022/23. Although some of these sales proceeds were reinvested across the portfolio, the bulk of it has been earmarked to cover commitments made to Infrastructure investments which have yet to be called. Whilst these proceeds are held in cash, investments management expenses are considerably lower. When the impact of the hedge fund divestment is excluded, fees for most managers have increased compared to last year – this was to be expected as most fees are charged ad valorem and the value of the underlying investments increased.

Impact on cash flows

As set out in the Fund's Funding Strategy Statement, a main aim of the Fund is to '*ensure that sufficient funds are available to meet all benefits as they fall due for payment'*. To meet this aim, it is necessary to understand how the Fund's cashflow position is likely to evolve in the future. Historically the Fund has been cashflow positive, with pension contributions received exceeding pension benefits paid. As the scheme matures the cashflow position can be expected to reverse leaving a day-to-day cashflow deficit that needs to be covered - as is the case for several other LGPS funds already.

As the analysis above shows, high inflation over recent years has led to a large increase in benefits paid over and above the increase in contributions seen from the level of pay rises, bringing forward the point the Fund is likely to reach a cashflow negative position. Cashflow negativity should not be a concern for the Fund (as the assets held are ultimately there for paying benefits), however it does require more careful management.

There are broadly two options for meeting a cashflow shortfall for the Fund; generating and utilising investment income, and/or periodic sales of investment assets. Using investment income has the advantage of avoiding transaction costs but has limited scope for control to adjust to situations where the cashflow position is different to the forecast and may lead to the need for rebalancing due to the income being taken only from certain investment funds. Sales of investments allows greater control over the amount and timing of cash receipts to the Fund as well as over asset allocation against target but incurs costs in the sale process. In addition, the Fund would not want to be in a position where it is a forced seller of assets at inopportune times.

The Fund recently commissioned a report from the appointed Actuary to forecast the expected cashflow position over the medium term. This modelling includes sensitivity for several different, but plausible, scenarios - including high inflation and recessionary environments. This modelling indicates that the fund is likely to require somewhere in the region of 0.2%-1.0% income generation on assets over the next 10 years to cover the negative cashflow position. The fund currently generates returns through the capital growth of investments and also from income that assets distribute. The current income yield is around 2% of total AUM and approximately half of this is currently automatically reinvested. This reinvested income could be switched to cash paying distributions if required. The Fund will carefully consider cashflow impacts when undertaking the 2025 triennial valuation and when reviewing its strategic asset allocation in the review due to take place at the beginning of 2026. As part of the strategic asset allocation review the Fund will consider the development of a cashflow management policy.

Section 4- Fund account, net assets statement and notes

The 2023/24 Draft Pension Fund Accounts are reproduced in this section of the report. The Accounts form part of the London Borough of Enfield Statement of Accounts, and the original version can be viewed here.

Pension Fund Accounts

31 March 2023* £000s	London Borough of Enfield Pension Fund Account	Notes	31 March 2024 £000s
	Dealings with members, employers and others directly involved in the Fund		
(56,214)	Contributions	7	(57,614)
(12,591)	Transfers in from other pension funds	8	(8,068)
(68,805)			**(65,682)**
49,478	Benefits payable	9	54,654
3,766	Payments to and on account of leavers	10	12,813
53,244			**67,467**
(15,561)	**Net additions/(withdrawals) from dealings with members**		**1,785**
11,034	Management expenses	11	9,383
(4,527)	**Net additional/(withdrawals) including fund management**		**11,168**
	Returns on investments		
(22,223)	Investment income	12	(34,280)
-	Taxes on income	13A	412
93,302	Profit & losses on disposal of investments and changes in the market value of investments	14A	(98,299)
71,079	**Net returns on investments**		**(132,167)**
66,552	**Net change in assets available for benefits during the year**		**(120,999)**
(1,522,779)	**Opening net assets of the scheme**		(1,456,227)
(1,456,227)	**Closing net assets of the scheme**		**(1,577,226)**

*Restated – following updated information that was not available at the time of publication of 2022/23 draft accounts, investment management expenses, and asset values for private equity and infrastructure have been restated.

Pension Fund Accounts continued:

31 March 2023 £000s	Net Assets Statement for Year Ended 31 March 2024	Notes	31 March 2024 £000s
1,325,901	Investment assets	14	1,482,821
(103)	Investment liabilities		(19)
1,325,798	**Total net investments**		**1,482,802**
128,959	Cash deposits	14	93,706
1,992	Other investment balances -assets	14	2,467
(872)	Other investment balances - liabilities		(2,358)
1,445,877	**Other investment balances**	14	**1,576,617**
117	Long Term Debtor	20a	234
612	Current assets	20	807
(379)	Current liabilities	21	(432)
1,456,227	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,577,226**

Note: The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

I can confirm that these Statement of Accounts have been prepared on the basis of providing a true and fair view of the Council's financial position with the best known information at this time. However, these accounts' opening balances have not been subject to finalised external audit for over three years and, given the number of years now outstanding, the level of risk of amendment is compounded. On this basis, it is not possible to substantially confirm that these accounts present a true and fair view at this time and until the external audits have been completed for 2019/20, 2020/21, 2021/22 and 2022/23.

Signed:

Fay Hammond
Executive Director Resources & S151
31 May 2024

Notes Supporting Pension Fund Accounts

Note 1 Description of the Fund

The Enfield Pension Fund ('the fund') is part of the LGPS and is administered by London Borough of Enfield. The council is the reporting entity for this pension fund.

The following description of the fund is a summary only. For more detail, reference should be made to the **Enfield Pension Fund Annual Report 2022/23(Draft)** and the underlying statutory powers underpinning the scheme

A. **General**

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended).
- the Local Government Pension Scheme (Transitional Provisions, Savings and (Amendment) Regulations 2014 (as amended).
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by London Borough of Enfield to provide pensions and other benefits for pensionable employees of London Borough of Enfield and a range of other scheduled and admitted bodies within the borough. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Enfield Pension Policy & Investment Committee, which is a committee of London Borough of Enfield.

B. Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the fund include the following:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.

- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Notes Supporting Pension Fund Accounts

Note 1 Description of the Fund continued:

There are 54 employer organisations within the fund (including the Council itself), and 25,421 individual members, as detailed below. A full analysis is included below:

Enfield Pension Fund	31 March 2023	31 March 2024
Number of employers with active members	7,719	7,343
Number of pensioners	6,489	6,813
Deferred pensioners	8,179	8,230
Frozen/undecided	3,034	3,530
Total number of members in pension scheme	**25,421**	**25,916**

C. Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The results of recent formal valuation as at 31 March 2023 has employer contribution rates range from 8.5% to 21.7% of pensionable pay.

D. Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website – see www.lgpsmember.org

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits.

Notes Supporting Pension Fund Accounts

Note 2 Basis of Preparation

The statement of accounts summarises the fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

Note 3 Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

A. **Contribution income**

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

B. **Transfers to and from other schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013 (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

C. **Investment income**

a) **Interest income** Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

b) **Dividend income** Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

c) **Distributions from pooled funds** Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

d) **Movement in the value of investments** Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

D. **Benefits Payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

E. **Taxation**

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

F. **Management expenses**

The Code does not require any breakdown of pension fund administrative expenses; however, it requires the disclosure of investment management transaction costs. For greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016), which shows the breakdown of administrative expenses, including transaction costs.

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

a) **Administrative expenses** All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.
b) **Oversight and governance costs.** All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.
c) **Investment management expenses** All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the fund has negotiated with some fund managers that an element of their fee be performance related. Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account.

Net assets statement

G. **Financial assets**

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

H. **Foreign currency transactions**

Interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Notes Supporting Pension Fund Accounts

Note 3 Summary of Significant Accounting Policies continued:

I. **Cash and cash equivalents**

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

J. **Financial liabilities**

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

K. **Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 19).

L. **Additional voluntary contributions**

The Enfield Pension Fund provides an additional voluntary contribution (AVC) scheme for Its employers and are specifically for providing additional benefits for individual contributors. The fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 22).

M. **Contingent assets and contingent liabilities**

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Notes Supporting Pension Fund Accounts

Note 4 Critical judgements in applying Accounting Policies

In applying the accounting policies set out in Note 3 above, the Fund has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2023/24

Notes Supporting Pension Fund Accounts

Note 5 Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2024 (for which there is a significant risk of material adjustment in the forthcoming financial year are set out in the table below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a. 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of approximately £27m. b. 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £1m. c. 0.1% increase in the assumed Rate of CPI Inflation would increase the value of liabilities by approximately £26m. d. if life expectancy increases by 1 years, it would increase the liability by approximately £67m. It should be noted that any changes in the above would not have an effect on either the Fund Account or the Net Asset Statement.
Inflation Opportunities Fund (Note 15)	In November 2023 the Government released consultation on legislative reform of the residential leasehold sector, this included additional proposals to cap ground rents. The inflation opportunities fund has an allocation to ground rent debt, meaning the consultation, has impeded the ability to provide certainty for the valuation of these holdings.	The total value in the financial statements is £64.3m. There is a risk that the investment may be under or overstated in the accounts. Given a tolerance of +/-10% around the net asset values on which the valuation is based, this would equate to a tolerance of +/- £6.4m.
Private equity – venture capital investments (Note 15)	The figure for "Investments at fair value" is based on the latest information received from asset managers prior to the Fund's accounting records closing for the quarter. The valuation methodologies are considered to be consistent with the International Private Equity and Venture Capital Valuation Guidelines.	The total value of relevant investments in the financial statements is £129.6m. There is a risk that this may be over or understated. A 10% change in the value of these investments would equate to a change in asset value of +/-£13.0m.
Pooled property investments (Note 15)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments. A change of 10% would result in an increase or decrease of £4.8m, on carrying values of £47.7m.

Notes Supporting Pension Fund Accounts

Note 6 Events After the Reporting Date

Management have reviewed and can confirm that there are no significant events occurring after the reporting period.

Notes Supporting Pension Fund Accounts

Note 7 Contributions

By Category:

31 March 2023 £000s		31 March 2024 £000s
(14,057)	**Employees' contributions**	**(14,728)**
	Employers' contributions:	
(38,524)	Normal	(41,062)
(2,891)	Deficit recovery contributions	(159)
(742)	Augmentation contributions	(1,665)
(42,157)	**Total employers' contributions**	**(42,886)**
(56,214)		**(57,614)**

By Authority:

31 March 2023 £000s		31 March 2024 £000s
(44,404)	Administering authority	(44,769)
(11,450)	Scheduled bodies	(12,483)
(360)	Admitted bodies	(362)
(56,214)		**(57,614)**

Note 8 Transfers in from other Pension Funds

31 March 2023 £000s		31 March 2024 £000s
(12,591)	Individual transfers	(8,068)
(12,591)		**(8,068)**

Notes Supporting Pension Fund Accounts

Note 9 Benefits Paid/Payable

By category

31 March 2023 £000s		31 March 2024 £000s
40,608	Pensions	45,776
7,905	Commutation and lump sum retirement benefits	7,990
965	Lump sum death benefits	888
49,478		**54,654**

By authority

31 March 2023 £000s		31 March 2024 £000s
46,129	Administration authority	51,403
2,858	Scheduled bodies	2,722
491	Admitted bodies	529
49,478		**54,654**

Note 10 Payments to and on Account of Leavers

31 March 2023 £000s		31 March 2024 £000s
141	Refunds to members leaving service	176
3,625	Individual transfers	12,637
3,766		**12,813**

Notes Supporting Pension Fund Accounts

Note 11 Management Expenses

31 March 2023 £000s		31 March 2024 £000s
1,178	Administrative costs	1,307
537	Oversight and governance costs	685
9,319	Investment management expenses	7,391
11,034		**9,383**

Note 11a Investment Management Expenses

2023/24	Total £000s	Custody fees	Management fees £000s	Transaction fees £000s	Performance related fees £000s
Bonds	227	-	171	56	-
Pooled Investments	3,498	-	2,838	660	
Pooled property Investments	1,980	-	2,082	143	(245)
Private equity/Infrastructure	1,618	-	1,321	2	295
Custody fees	-	68	-	-	-
	7,391	**68**	**6,412**	**861**	**50**

2022/23	Total £000s		Management fees £000s	Transaction fees £000s	Performance related fees £000s
Bonds	148	-	122	26	-
Pooled Investments	6,299	-	4,252	718	1,327
Pooled property Investments	2,189	-	1,948	478	(237)
Private equity/Infrastructure	614	-	1,632	11	(1,029)
Custody fees	-	71	-	-	-
	9,319	**71**	**7,954**	**1,235**	**61**

Notes Supporting Pension Fund Accounts

Note 12 Investment Income

31 March 2023 £000s		31 March 2024 £000s
(3,314)	Income from bonds	(4,281)
(2,189)	Income from equities	(2,287)
(12,725)	Pooled investment funds	(18,711)
(2,521)	Pooled property investments	(2,466)
(1,474)	Interest on cash deposits	(6,535)
(22,223)	**Total income before taxes**	**(34,280)**

Note 13 Other Account Fund Disclosures

Note 13a External Audit Fees

31 March 2023 £000s		31 March 2024 £000s
25	Paid in respect of external audit (excluding VAT)	78
25		**78**

Notes Supporting Pension Fund Accounts

Note 14 Investments

31 March 2023* £000		31 March 2024 £000
	Investment assets	
74,997	Bonds	99,926
41,779	Equities**	35,827
	Pooled Investments	
289,785	Fixed income funds	361,671
573,302	Equity funds	676,950
34,981	Hedge funds	-
65,069	Inflation opportunity fund	64,341
1,079,913		**1,238,715**
	Other Investments	
115,975	Pooled property investments	114,216
109,086	Private equity funds	104,889
20,563	Infrastructure funds	24,743
	Derivative contracts:	
261	Futures	251
103	Forward currency contracts	7
245,988		**244,106**
128,959	Cash deposits	93,706
1,992	Investment Income due	2,467
130,951		**96,173**
1,456,852	**Total Investment assets**	**1,578,994**
	Investment liabilities	
	Derivative contracts:	
(95)	Futures	(8)
(8)	Forward currency contracts	(11)
(872)	Amounts payable for purchases	(2,358)
(975)	**Total Investment liabilities**	**(2,377)**
1,455,877	**Net Investment assets**	**1,576,617**

*Restated - following a review of the 2022/23 draft accounts some investments have been re-categorised in this and subsequent disclosures, so they are more accurately aligned with the Fund's strategic asset allocation.

**Equities consists of one holding in International Public Partnerships Limited for the purposes of the Funds strategic asset allocation this would be categorised as an Infrastructure consists of one holding in International Public Partnerships Limited for the purposes of the Funds strategic asset allocation this would be categorised as an Infrastructure investment.

Notes Supporting Pension Fund Accounts

Note 14a: Reconciliation of Movements in Investments and Derivatives

Period 2023/24	Market Value as at 1 April 2023 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in Market Value during the year £000s	Market Value as at 31 March 2024 £000s
Bonds	74,997	34,746	(12,010)	2,193	99,926
Equities	41,779	-	(2)	(5,950)	35,827
Pooled Investments	963,137	70,969	(35,690)	104,546	1,102,962
Pooled property Investments	115,975	4,444	(1,481)	(4,722)	114,216
Private equity/Infrastructure	129,649	11,076	(9,194)	(1,899)	129,632
Management fees taken off value	-	-	(6,088)	6,088	-
	1,325,537	**121,235**	**(64,465)**	**100,256**	**1,482,563**
Derivative contracts:					
Futures	166	812	(491)	(244)	243
Forward currency contracts	95	153	(380)	128	(4)
	1,325,798	**122,200**	**(65,336)**	**100,140**	**1,482,802**
Other Investment balances:					
Cash deposits	128,959			(1,840)	93,706
Investment income due	1,992			-	2,467
Spot FX contracts	-			(1)	-
Amounts payable for purchases of Investments	(872)			-	(2,358)
	1,455,877			**98,299**	**1,576,617**

Notes Supporting Pension Fund Accounts

Note 14a Reconciliation of Movements in Investments and Derivatives continued:

Period 2022/23	Market Value as at 31 March 2022 £000s	Purchases during the year and derivative payments £000s	Sales during the year and derivative receipts £000s	Change in Market Value during the year £000s	Market Value as at 31 March 2023 £000s
Bonds	93,110	19,685	(17,267)	(20,531)	74,997
Equities	49,985	96	(97)	(8,205)	41,779
Pooled Investments	986,804	135,585	(161,240)	1,988	963,137
Pooled property Investments	130,813	8,089	(31)	(22,896)	115,975
Private equity/Infrastructure	187,334	14,101	(19,238)	(52,548)	129,649
Adjustment for management fees	-	-	(7,660)	7,660	-
	1,448,046	**177,556**	**(205,533)**	**(94,532)**	**1,325,537**
Derivative contracts:					
Futures	(48)	1,702	(456)	(1,032)	166
Forward currency contracts	(83)	790	(349)	(263)	95
	1,447,915	**180,048**	**(206,338)**	**(95,827)**	**1,325,798**
Other Investment balances:					
Cash deposits	73,478			2,539	128,959
Amount receivable for sales of investments	650			2	-
Investment income due	1,973			-	1,992
Spot FX contracts	1			(16)	-
Amounts payable for purchases of Investments	(785)			-	(872)
	1,523,232	**-**	**-**	**(93,302)**	**1,455,877**

Purchases and sales of derivatives are recognised in Note 14a above as follows:

- Futures – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses are recognised as cash receipts or payments, depending on whether there is a gain or loss.
- Forward currency contracts – forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

Notes Supporting Pension Fund Accounts

Note 14b Analysis of Investments

The Fund employs external investment managers to manage all of its investments apart from an amount of cash, which is managed internally in line with the Fund's treasury management strategy. This structure ensures that the total Fund performance is not overly influenced by the performance of any one manager. The Market value of investments in the hands of each manager is shown in the table below:

31 March 2023 £000	%		31 March 2024 £000	%
Investments managed by London CIV regional pool:				
110,802	7.6	LCIV Global Equity Focus Fund - Longview Partners	130,761	8.3
102,865	7.1	LCIV Global Alpha Growth Paris Aligned Fund - Baillie Gifford & Co	119,300	7.6
77,365	5.3	LCIV Global Bond Fund - PIMCO	82,306	5.2
53,558	3.7	LCIV MAC Fund - London CIV	59,727	3.8
31,856	2.2	LCIV Emerging Market Equity Fund - J.P. Morgan Asset Management	31,431	2.0
-	-	LCIV Renewable Infrastructure Fund - London CIV	4,078	0.2
376,446	**25.9**		**427,603**	**27.1**
Investments managed outside London CIV pool:				
360,247	24.7	BlackRock Inc	452,707	28.7
109,087	7.5	Adams Street Partners L.P.	104,889	6.7
77,507	5.3	Western Asset Management Company Ltd	103,889	6.6
127,626	8.8	Cash (internally managed)	89,901	5.7
79,878	5.5	MFS International (UK) Limited	88,043	5.6
47,618	3.2	Aon Investments Limited	69,495	4.4
65,069	4.5	M&G Investments	64,341	4.0
36,248	2.5	Legal & General Investment Management Limited	36,646	2.3
36,752	2.5	CBRE Investment Management	36,245	2.3
41,779	2.9	International Public Partnerships Limited – Amber Infrastructure	35,827	2.3
30,357	2.1	Insight Investment	32,973	2.1
20,563	1.4	Antin Infrastructure Partners	20,665	1.3
9,295	0.6	Brockton Everlast Inc.	11,406	0.7
2,424	0.2	York Capital Management	1,987	0.1
34,981	2.4	Davidson Kempner Capital Management L.P.	-	-
1,079,430	**74.1**		**1,149,014**	**72.9**
1,455,877	**100**		**1,576,617**	**100**

Notes Supporting Pension Fund Accounts

Note 14b Analysis of Investments continued:

The following investments represent more than 5% of the net assets of the scheme.

Security	Market value 31-Mar-2023 £000s	% of total Fund	Market value 31-Mar-2024 £000s	% of total Fund
ACS World Low Carbon Equity Tracker Fund - Blackrock	245,477	16.9	305,429	19.4
LCIV Global Equity Focus Fund - Longview Partners	110,802	7.6	130,761	8.3
LCIV Global Alpha Growth Paris Aligned Fund - Baillie Gifford & Co	102,865	7.1	119,300	7.6
Global Equity Fund - MFS	79,878	5.5	88,043	5.6
LCIV Global Bond Fund - PIMCO	77,365	5.3	82,306	5.2
Total Value of Investments	**616,387**		**725,839**	

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.
Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. Criteria utilised in the instrument classifications are detailed below:

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, exchange traded quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments (private equity), which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The valuation basis for each category of investment asset is set out below:

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation continued:

Description of asset	Valuation hierarchy	Basis of valuation	Observable & Unobservable Inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Published bid market price at the end of accounting period.	NAV per share	Not required
Pooled investments – hedge funds	Level 2	Most recent valuation	NAV published, Cashflow transactions, i.e., distributions or capital calls	Not Required
Property held in a limited partnership	Level 3	Most recent published NAV updated for cashflow transactions to the end of the accounting period.	NAV published, Cashflow transactions, i.e., distributions or capital calls	Valuations could be affected by material events between the date of the pool fund financial statements and the funds own reporting date, audited accounts received and the pension funds' year end.
Private equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation guidelines 2018 and IPEV's Board Special Valuation Guidance (March 2020)	- EBITDA multiple - Revenue multiple - Control Premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

Notes Supporting Pension Fund Accounts

Note 15 Fair Value – Basis of Valuation continued:

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

Description of asset	Assessed valuation range (+/-) %	Value at 31 March 2024 £000s	Value on increase £000s	Value on decrease £000s
Pooled property investments	13%	47,651	53,608	41,695
Private equity funds	20%	104,889	125,867	83,911
Infrastructure funds	15%	24,743	28,455	21,032
Inflation opportunity fund	17%	64,341	75,279	53,403
Total		**241,624**	**283,209**	**200,041**

Notes Supporting Pension Fund Accounts

Note 15a Fair Value Hierarchy

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

31 March 2024	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant observable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	-	99,926	-	99,926
Equities	35,827	-	-	35,827
Pooled investments	697,546	341,076	64,341	1,102,962
Pooled Property Investments	-	66,565	47,651	114,216
Private Equity/Infrastructure	-	-	129,632	129,632
Derivative Assets	495	7	-	502
Cash deposits	93,427	35	-	93,462
Investment income due	469	1,998	-	2,467
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(2,358)	-	(2,358)
Derivative liabilities	(8)	(11)	-	(19)
Net financial assets	**827,756**	**507,238**	**241,624**	**1,576,617**

Notes Supporting Pension Fund Accounts

Note 15a Fair Value Hierarchy continued:

31 March 2023	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant observable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	-	74,997	-	74,997
Equities	41,779	-	-	41,779
Pooled investments	583,559	379,578	-	963,137
Pooled Property Investments	-	69,927	46,048	115,975
Private Equity	-	-	129,649	129,649
Derivative Assets	260	353	-	613
Cash deposits	128,675	35	-	128,710
Investment income due	562	1,430	-	1,992
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(872)	-	(872)
Derivative liabilities	(95)	(8)	-	(104)
Net financial assets	**754,740**	**525,440**	**175,697**	**1,455,877**

Notes Supporting Pension Fund Accounts

Note 15b: Transfers Between Levels 1 and 2

There has been no movement during 2022/23.

Note 15c Reconciliation of Fair Value Measurements Within Level 3*

	Market Value as at 1 April 2023 £000	Transfers in/out of level 3 £000	Purchases £000	Sales £000	Unrealised gains/ (losses) £000	Realised gains/ (losses) £000	Market Value as at 31 March 2024 £000
Pooled property investments	46,048	-	4,444	(1,481)	(1,701)	342	47,651
Pooled private equity	109,086	-	6,998	(9,195)	(7,565)	5,563	104,889
Pooled infrastructure funds	20,563	-	4,078	-	103	-	24,743
Inflation opportunity fund*	-	65,877	1,104	-	(2,640)	-	64,341
	175,697	**65,877**	**16,624**	**(10,676)**	**(11,803)**	**5,905**	**241,624**

*Transferred from level 2 to level 3 in November 2023 following a government consultation on legislative reform of the residential leasehold sector, including additional proposals to cap ground rents. This resulted in valuation uncertainty and suspension of trading, reducing the amount of observable market data available.

Notes Supporting Pension Fund Accounts

Note 16 Financial Instruments

Note 16a Classification of Financial Instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

31 March 2023				31 March 2024		
Designated as fair value through profit and loss £000	**Loans and receivables £000**	**Financial liabilities £000**		**Designated as fair value through profit and loss £000**	**Loans and receivables £000**	**Financial liabilities £000**
			Financial assets			
74,997	-	-	Bonds	99,926	-	-
41,779	-	-	Equities	35,827	-	-
963,137	-	-	Pooled investments	1,102,962	-	-
115,975	-	-	Pooled property Investments	114,216	-	-
129,649	-	-	Private Equity	129,632	-	-
364	-	-	Derivative Assets	258	-	-
48,666	80,293	-	Cash deposits	84,043	9,663	-
-	1,992	-	Other investment balances	-	2,467	-
1,374,567	**82,285**	**-**		**1,566,864**	**12,130**	**-**
			Financial liabilities			
(103)	-	-	Other Investment balances	(19)	-	-
-	-	(872)	Creditors			(2,358)
(103)	**-**	**(872)**		**(19)**	**-**	**(2,358)**
1,374,464	**82,285**	**(872)**	**Total**	**1,566,845**	**12,130**	**(2,358)**
		1,455,877	**Grand Total**			**1,576,617**

Notes Supporting Pension Fund Accounts

Note 16b Net Gains and Losses on Financial Instruments

31 March 2023 £000		31 March 2024 £000
	Financial assets	
(94,532)	Fair value through profit and loss	100,254
2,541	Loans and receivables	-
	Financial liabilities	
(1,295)	Fair value through profit and loss	(116)
(16)	Loans and receivables	(1,839)
(93,302)		**98,299**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments

The Pension Fund's investment objective is to achieve a return on Fund assets, which is sufficient, over the long term, to fully meet the cost of benefits and to ensure stability of employer's contribution rates. Achieving the investment objectives requires a high allocation to growth assets in order to improve the funding level, although this leads to a potential higher volatility of future funding levels and therefore contribution rates.

Management of risk

The Pension Fund is invested in a range of different types of assets – equities, bonds, property, private equity and cash. This is done in line with the Local Government Pension Scheme Management and Investment of Funds Regulations 2016, which require pension funds to invest any monies not immediately required to pay benefits. These regulations require the formulation of an Investment Strategy Statement which sets out the Fund's approach to investment including the management of risk.

Responsibility for the fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:

I. the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
II. specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments by individual fund managers. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period (based on assumption made in March 2023 on data provided by the Fund's investment consultant). The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns.

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Asset type	Market Value as at 31 March 2024 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	93,706	-	93,706	93,706
Investment portfolio assets:				
Bonds	99,926	9.0	108,919	90,933
Equities	35,827	16.0	41,559	30,095
Fixed Income funds	361,671	9.0	394,221	329,121
Equity funds	676,950	18.0	798,801	555,099
Hedge funds	-	8.0	-	-
Inflation opportunity fund	64,341	9.0	70,132	58,550
Pooled property Investments	114,216	12.5	128,493	99,939
Private equity funds	104,889	20.0	125,867	83,911
Infrastructure funds	24,743	15.0	28,454	21,032
Net derivatives	239	0.0	239	239
Investment income due	2,467	0.0	2,467	2,467
Amounts payable for purchases	(2,358)	0.0	(2,358)	(2,358)
Total assets available to pay benefits	**1,576,617**		**1,790,500**	**1,362,734**

Asset type	Market Value as at 31 March 2023 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	128,959	-	128,959	128,959
Investment portfolio assets:				
Bonds	74,997	9.0	81,747	68,247
Equities	41,779	16.0	48,464	35,094
Fixed Income funds	289,785	9.0	315,866	263,704
Equity unit trusts	573,302	18.0	676,496	470,108
Hedge funds	34981	8.0	37,779	32,183
Inflation opportunity fund	65,069	9.0	70,925	59,213
Pooled property Investments	115,975	12.5	130,472	101,478
Private equity/Infrastructure funds	109,086	20.0	130,903	87,269
Infrastructure funds	20,563	15.0	23,647	17,479
Net derivatives	261	0.0	261	261
Investment income due	1,992	0.0	1,992	1,992
Amounts payable for purchases	(872)	0.0	(872)	(872)
Total assets available to pay benefits	**1,455,877**		**1,646,639**	**1,265,115**

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The council recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy. The fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset type	Average Duration Years	Market Value as at 31 March 2024 £000	Change in year in the net assets available to pay benefits £000	£000
Cash and cash equivalents				
Cash	-	93,706	-	-
Bonds				
UK public sector quoted	14.2	8,148	(1,155)	1,155
UK quoted	10.8	51,478	(5,547)	5,547
Overseas public sector quoted	17.4	659	(114)	114
Overseas quoted	9.4	39,640	(3,739)	3,739
Total change in assets available	-	-	**(10,555)**	**10,555**

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Asset type	Average Duration Years	Market Value as at 31 March 2023 £000	Change in year in the net assets available to pay benefits £000	£000
Cash and cash equivalents				
Cash		128,959	-	-
Bonds				
UK public sector quoted	16.8	2,769	(465)	465
UK quoted	10.5	40,026	(4,184)	4,184
Overseas public sector quoted	17.8	669	(119)	119
Overseas quoted	9.6	31,534	(3,025)	3,025
Total change in assets available			**(7,793)**	**7,793**

Income exposed to interest rate risks	Amount receivable as at 31 March 2024 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	6,535	937	7,472	5,598
Bonds	4,281	-	4,281	4,281
Total	**10,816**	**937**	**11,753**	**9,879**

Income exposed to interest rate risks	Amount receivable as at 31 March 2023 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Interest on cash deposits	1,474	1,290	2,764	184
Bonds	3,314	-	3,314	3,314
Total	**4,788**	**1,290**	**6,078**	**3,498**

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (UK sterling). The fund holds both monetary and non-monetary assets denominated in currencies other than UK sterling.

The fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

There is a risk that due to exchange rate movements the sterling equivalent value of the investments falls. The Fund acknowledges that adverse foreign currency movements relative to Sterling can reduce the value of the fund's investment portfolio. The table below demonstrates the potential value of the fund's investments based on positive or adverse currency movements by 10%.

Currency exposure - asset type	Market Value as at 31 March 2024	Change in year in the net assets available to pay benefits	
		+10%	-10%
	£000	£000	£000
Bonds	3,304	3,634	2,974
Pooled Investments	1,987	2,186	1,788
Private equity/Infrastructure	125,554	138,109	112,999
Derivatives	(4,161)	(4,577)	(3,745)
Cash Balances	85,655	94,221	77,090
Investment income due	247	272	222
Total change in assets available	**212,586**	**233,845**	**191,328**

Notes Supporting Pension Fund Accounts

Note 17 Nature and Extent of Risks Arising from Financial Instruments continued:

Currency exposure - asset type	Market Value as at 31 March 2023	Change in year in the net assets available to pay benefits	
		+10%	-10%
	£000	£000	£000
Bonds	3,284	3,612	2,956
Pooled Investments	37,405	41,146	33,665
Private equity/Infrastructure	129,649	142,614	116,684
Derivatives	(3,850)	(4,235)	(3,465)
Cash Balances	48,854	53,739	43,969
Investment income due	274	301	247
Total change in assets available	**215,616**	**237,177**	**194,056**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives' positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the council invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

Notes Supporting Pension Fund Accounts

Note 18 Funding Arrangements

Description of Funding Policy

In line with the Local Government Pension Scheme Regulations, the Fund's actuary undertakes a funding valuation every three years for the purpose of ensuring the Enfield Pension Fund can meet its liabilities to past and present contributors, and to review employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and was carried out by the Fund's actuary at the time - Aon.

The funding policy is set out in the Funding Strategy Statement (FSS), dated September 2022. In summary The key elements of the funding policy are:

1) to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
2) to ensure that employer contribution rates are as stable as possible
3) to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
4) to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so, and
5) to use reasonable measures to reduce the risk to other employers and ultimately to the Council taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 25 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 25 years.

Funding Position at last formal valuation

The 2022 actuarial valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,523 million, were sufficient to meet 104% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £53 million.

Financial assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.4% p.a.
Salary increase assumption	3.8% p.a.
Benefit increase assumption (CPI)	2.3% p.a.

Notes Supporting Pension Fund Accounts

Note 18 Funding Arrangements continued:

Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

Life expectancy from age 65 as valuation date	Males	Females
Current pensioners aged 65 at the valuation date	21.7	24.1
Future pensioners aged 45 at the valuation date	23.0	25.5

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS. Copies of the 2022 valuation report and FSS are available on the Fund's website. The next actuarial valuation will be carried out as at 31 March 2025, The FSS will also be reviewed at that time.

Note 19 Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice on Local Authority Accounting 2023/24 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The table below shows the present value of promised retirement benefits as at 31 March 2024. The figures have been prepared by Hymans Robertson, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31 March 2024 (£m)
Active Members	603
Deferred members	292
Pensioners	769
Total	**1,664**

Notes Supporting Pension Fund Accounts

Note 19 Actuarial Present Value of Promised Retirement Benefits continued:

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, Hymans Robertson are satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Assumptions

Financial assumptions	31 March 2024
Discount rate	4.8% p.a.
Salary increase assumption	4.3% p.a.
Benefit increase assumption (CPI)	2.8% p.a.

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the S3PA heavy tables (with a multiplier of 85% for males and 95% for females), with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

Life expectancy	Males	Females
Current pensioners	21.0	23.5
Future pensioners aged 45 at the valuation date	22.3	24.9

Notes Supporting Pension Fund Accounts

Note 20 Current Assets

31 March 2023 £000s		31 March 2024 £000s
	Debtors	
146	Contributions due - employees	162
456	Contributions due - employers	492
-	London Borough of Enfield	152
602		**806**
	Cash balances	
10	Current account	1
612		**807**

Note 20a Long Term Debtors

31 March 2023 £000s		31 March 2024 £000s
	Debtors	
117	Pensioner Tax liability	234
117		**234**

Note 21 Current Liabilities

31 March 2023 £000s		31 March 2024 £000s
(280)	Sundry creditors	(349)
(99)	Benefits payable	(83)
(379)		**(432)**

Notes Supporting Pension Fund Accounts

Note 22 Additional Voluntary Contributions

Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund and in accordance with the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Fund by the AVC provider are disclosed within transfers-in.

The current provider is Prudential. Funds held are summarised below. Funds held are summarised in the table below (at the time of publishing Prudential have not finalised their 2023/24 accounts so the data below is based on draft accounts):

	Opening Balance at 1 April 2023 £000s	Contributions & Transfers £000s	Sums Paid Out £000s	Investment Return £000s	Closing Balance at 31 March 2024 £000s
Plan Value	**4,433**	1,361	(999)	266	**5,061**
	4,433	**1,361**	**(999)**	**266**	**5,061**

Note 23 Agency Services

The Enfield Pension Fund does not use any agency services to administer the pension service.

Note 24 Related Party Transactions

London Borough of Enfield

The Enfield Pension Fund is administered by the London Borough of Enfield. Consequently, there is a strong relationship between the Council and the Pension fund.

During the reporting period, the Council incurred costs of £1.621m (2022/23: £1.379m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund, the total contribution paid by the Council are disclosed in note 7 above. At year end the Council owed the Pension Fund £152k (in 2022/23 the Pension Fund owed the Council £13k).

Notes Supporting Pension Fund Accounts

Note 24 Related Party Transactions continued:

Governance

The Enfield Council has decided that Councillors should not be allowed to join the LGPS scheme and receive pension benefits from the Fund.

No allowances are paid to Members directly in respect of the Pension Policy & Investment Committee. The Chair of the Pension Policy & Investment Committee, however, is paid a special responsibility allowance.

During the year, no member or Council Officer with direct responsibility for pension fund issues had undertaken any declarable material transactions with the Pension Fund. Each member of the Pension Committee is required to declare their interests at meetings.

Note 24a Key Management Personnel

The fund has identified the Director of Capital and Commercial, the Head of Pension Investments, and the Head of Exchequer Services as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the fund. The combined compensation for these officers attributable to Enfield Pension Fund is shown below:

31 March 2023* £000s		31 March 2024 £000s
46	Short-term benefits	123
9	Post-employment benefits	24
55		**147**

*restated 2022/23, in line final pension fund report

Note 25 Contingent Liabilities And Contractual Commitments

The total outstanding capital commitments (investments) at 31 March 2024 are £198.7m (31 March 2023 were £37.9m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Section 5- Investments and Funding

Investment Strategy Statement

Enfield Council (the Council) in its capacity as Administering Authority of the Local Government Pension Scheme. In this capacity the Council has responsibility to ensure the proper management of the Fund. Regulation 7(1) of the Regulations requires an administering authority to formulate an investment strategy statement (ISS) which must be in accordance with guidance issued by the Secretary of State. The Council has delegated to its Pension Policy & Investment Committee (PPIC) "all the powers and duties of the Council in relation to its functions as Administering Authority except for those matters delegated to other committees of the Council or to an officer."

The ISS has been prepared by the PPIC having taken appropriate advice. It meets the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations). The ISS is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Strategy with each of its employers and the Pension Board. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

The ISS was last updated in March 2024. The following actions (not exhaustive) were taken in response to the ISS:

- Deep dive of the fixed income asset class
- Deep dive of Equities
- Commitment to Private Debt

Funding Strategy Statement

The Fund's Funding Strategy Statement (FSS) is reviewed periodically as part of the Fund's annual review of policies and approved by PPIC. The FSS is written in conjunction with the Fund Actuary and employers are consulted on significant changes.

The FSS was last reviewed in 2023 and is next scheduled for review in 2025 as part of the next Fund valuation.

Officers are comfortable that the ISS and FSS are compliant with statutory guidance.

Strategic Asset Allocation

The Pension Policy & Investment Committee's overarching objective is to invest the assets of the Fund prudently to ensure that the benefits promised to members are provided. In setting the investment strategy, the Committee first considered the lowest risk asset allocation that it could adopt in relation to the Fund's liabilities. The Strategic Asset Allocation (SAA) it has selected is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Fund's liabilities.

The current target asset allocation strategy was agreed by PPIC on 17th January 2023 and is set out in the table below – along with that actual position as at 31 March 2024. The suitability of the target asset allocation is monitored as the liabilities and market conditions develop, and the actual asset allocation will not exactly reflect the target weights at any particular point in time. The Committee monitors the actual asset allocation versus the target weighting.

Asset Class	Target Weighting %	Actual Position 31 Mar 2024 %	Variance to target
Equities	40	43	+3
Bonds	24	29	+5
Private Equity	8	7	-1
Inflation protection illiquids	7	6	-1
UK Property	5	5	-
Infrastructure	16	4	-12
Cash	0	6	+6
Total	**100**	**100**	

At the reporting date, the Fund is significantly underweighted in Infrastructure and overweight in Cash and Bonds. During 2023/24 the PPIC committed £162m to new infrastructure investments, due to the nature of these investments it can take a number of years for the underlying capital to be called up – whilst this drawdown period is occurring the underweight position is likely to persist but incremental progress towards target allocation should be observable. The capital required to meet these commitments is currently held as Cash and within the Bond allocation. The PPIC is due to complete a review of Fixed Income assets (Bonds) in the first half of 2024/25 with a view to restructuring this part of the portfolio in line with the SAA and to meet Government requirements to have all listed assets pooled by 31 March 2024.

Investment Managers

To implement the chosen SAA, the PPIC has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme Regulations. The investment approach involves appointing fund managers with clear performance benchmarks and holding them fully accountable for their performance against these benchmarks. Multiple fund managers are selected to ensure diversification of investment styles and risk distribution. These fund managers are primarily compensated through fees based on the value of assets under management. They are expected to maintain a mix of investments that reflect their views relative to their respective benchmarks. Within each major market and asset class, the managers maintain diversified portfolios through direct investments or pooled vehicles.

The managers, their mandates, and relevant benchmarks in place during 2023/24 are outlined in the table below. For context the table has been split by asset

Manager	Mandate / Fund	Benchmark / Investment Objective
Equities		
BlackRock	Passively managed global equities	MSCI WORLD Low Carbon Target Reduced FOSSIL FUEL SELECT
London CIV	Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (in GBP)+2%
London CIV	Global Equity Focus Fund	MSCI World (GBP)(TRNet)+2.5%
London CIV	Emerging Market Equity Fund	MSCI Emerging Market Index (TR) Net+2.5%
MFS	Actively managed global equites	MSCI World Index +4% pa gross over rolling three-year periods.
Bonds		
AON	Diversified liquid credit	SONIA +1.5% per annum over a market cycle (Net of fees)
BlackRock	Passively managed UK Gilts	FTSE Actuaries UK Index-Linked Gilts All Stocks Index
Insight	Bonds plus fund	SONIA +2%
London CIV	Global Bond Fund	Bloomberg Global Aggregate Credit Index – GBP Hedged
London CIV	MAC Fund	SONIA (30 day compounded) +4.5%
Western Asset Management	Actively managed bond portfolio	ICE BofA 10+ Year Sterling Non-Gilt Index
Private Equity		
Adams Street	Fund of funds global private equity	To outperform the MSCI World Index.
Inflation protection illiquids		
CBRE	Inflation protecting illiquid	UK LPI +2.5% p.a. over rolling 10yr period
M&G	Inflation Opportunities Fund	RPI +2.5% p.a. on a rolling five year basis.
UK Property		
BlackRock	UK Property Fund	IPD All Balanced Funds Weighted Average Index
Brockton	Opportunistic property	15% net IRR and 1.5xnet multiple
LGIM	Active UK Property Fund	MSCI/AREF UK Quarterly All Balanced PFI
Infrastructure		
Antin	European Infrastructure Fund	15% gross IRR with a gross yield target of 5% p.a.
INPP Ltd	Private Finance Initiative	To achieve a return of at least 4.5% per annum.
London CIV	Renewable Infrastructure Fund	IRR (net of fees) of 7 - 10%, with a target yield 3 - 5% per annum
Cash		
Goldman Sachs	LVNAV Money Market Fund	SONIA
Northern Trust	LVNAV Money Market Fund	SONIA

Investment performance

The overall investment performance for the Fund in 2023/24 was 8.8%. This compares to a -5.5% in 2022/23. The 3 and 5-year annualised performance was 4.0% and 5.7% respectively. The Fund is a long-term investor and therefore it is important to analyse performance over long periods of time rather than taking individual years performance in isolation. Individual asset class annualised performance over a 1, 3 and 5 year period is presented in the table below:

Asset class	One year %	3 year %	5 year %
Equities	**18.2**	**8.1**	**10.7**
Benchmark	21.3	9.9	11.4
Excess return	*(3.1)*	*(1.8)*	*(0.7)*
Bonds	**5.8**	**(2.0)**	**0.2**
Benchmark	4.5	(1.3)	0.5
Excess return	*1.3*	*(0.7)*	*(0.3)*
Private Equity	**(1.8)**	**11.5**	**15.9**
Benchmark	21.0	10.2	11.6
Excess return	*(22.8)*	*1.3*	*4.3*
Inflation protection illiquid	**(0.2)**	**(5.5)**	**(2.1)**
Benchmark	4.8	5.7	4.8
Excess return	*(5.0)*	*(11.2)*	*(6.9)*
Infrastructure	**(6.0)**	**(0.8)**	**4.0**
Benchmark	(8.5)	(4.8)	0.7
Excess return	*2.5*	*4.0*	*3.3*
Property	**(2.3)**	**0.3**	**1.1**
Benchmark	(0.7)	1.5	1.4
Excess return	*(1.6)*	*(1.2)*	*(0.3)*
Cash	6.0	4.8	2.6
Overall Fund Performance	**8.8**	**4.0**	**5.7**
Benchmark	**8.6**	**4.5**	**5.6**
Excess return	**0.2**	**(0.5)**	**0.1**

Overall Fund performance is line with the benchmark over 1, 3 and 5 years. Equites was the best performing asset class for the Fund in 2023/24 at 18.2%. There were a few underlying factors that led to this positive performance:

- Monetary pauses by the major central banks and increasing expectation of rate cuts.
- A handful of US technology stocks that have been boosted by the Artificial Intelligence theme, Not only has this driven the performance of the US market, but it also skewed the results for the MSCI World index.

Infrastructure assets had a small decease in the year due to valuations decreasing in the light of a rising interest rate environments. Similarly, the high interest rate environment during the year meant that the Fund earned a 6% return on the cash it was holding.

Benchmarking

The Fund's performance in different asset classes is compared to an average of other LGPS Funds in the table below:

Asset class	One year %	3 year %	5 year %
Equities	**18.2**	**8.1**	**10.7**
Universe Average	16.3	7.8	9.3
Var	*1.9*	*0.3*	*1.4*
Bonds	**5.8**	**(2.0)**	**0.2**
Universe Average	4.4	(2.5)	0.1
Var	*1.4*	*0.5*	*0.1*
Private Equity	**(1.8)**	**11.5**	**15.9**
Universe Average	1.6	12.5	12.9
Var	*(3.4)*	*(1.0)*	*3.0*
Infrastructure	**(6.0)**	**(0.8)**	**4.0**
Universe Average	2.7	8.9	6.7
Var	*(8.7)*	*(9.7)*	*(2.7)*
Property	**(2.3)**	**0.3**	**1.1**
Universe Average	(3.2)	1.7	1.4
Var	*0.9*	*(1.4)*	*(0.3)*
Overall Fund Performance	**8.8**	**4.0**	**5.7**
Universe Average	**9.2**	**5.3**	**6.5**
Var	**(0.4)**	**(1.3)**	**(0.8)**

This is the average return from the PIRC local authority universe, the Inflation protection liquids category from the Fund's SAA is not included in the table as there is no direct comparison in the universe. The Fund has underperformed the universe average over the time periods shown, this underperformance has mainly been driven by the Fund's relatively risk-averse structure, with a higher-than-average exposure to bonds and a lower-than-average exposure to equities. The Fund's exposure to different assets classes compared to the universe average is shown in the table overleaf:

Asset Class	Enfield 31 Mar 2024 %	LA Average 31 Mar 2024 %	Variance
Equities	43	51	-8
Bonds	29	17	+12
Private Equity	7	7	-
Inflation protection illiquids	6	N/A	N/A
Property	5	8	-3
Infrastructure	4	7	-3
Cash	6	3	+3

Longer term returns are analysed in the table below:

	3 Year	5 Year	10 Year	20 Year	30 Year
Enfield	4.0	5.7	7.1	7.2	7.2
Universe Average	5.3	6.5	7.6	7.7	7.4
Var	(1.3)	(0.8)	(0.5)	(0.5)	(0.2)
Ranking	**72**	**77**	**68**	**76**	**61**

The Fund is broadly in line with the average over the 30-year time horizon. Over shorter periods it has trailed the Universe average due it is different assets allocation compared to the average.

Responsible Investment

The Fund is committed to being a long-term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

The Fund expects its external investment managers (and specifically the London Collective Investment Vehicle, London CIV – Enfield's Pooling partners, through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material Economic Social Governance (ESG) factors within its investment analysis and decision making. The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.

The Fund's Responsible Investment Policy can be viewed here and will be updated in the next 24 months.

Asset Pooling

In 2015, the Ministry of Housing, Communities and Local Government (MHCLG) released guidance outlining the government's expectations for the establishment of asset pooling arrangements within the Local Government Pension Scheme (LGPS). To align with this initiative, pension funds across England and Wales collaborated to create eight asset pools.

The Fund became a member of the London Collective Investment Vehicle (LCIV) in 2015. LCIV is collectively owned by the 32 boroughs and the City of London Corporation. LCIV functions as the asset pooling entity with the primary goal of supplying funds that align with the distinct investment strategies specified by the various LGPS funds in London. In addition to providing in-house funds, LCIV also provides access to lower cost index tracking funds provided by BlackRock.

For more information, visit the London CIV website

Assets Pooled to date

Manager	Mandate	31-Mar-2020 £000's	31-Mar-2021 £000's	31-Mar-2022 £000's	31-Mar-2023 £000's	31-Mar-2024 £000's
Blackrock – UK*	Passive Equity	9,782				
Blackrock – Global*	Passive Equity	148,736				
Blackrock – Low Carbon GE	Passive Equity		220,602	255,962	245,477	305,467
Blackrock - Bonds	Passive ILB	90,762	91,750	92,405	80,888	117,176
LCIV - Baillie Gifford	Global Equity	73,376	116,232	108,523	102,865	119,300
LCIV - JP Morgan	Emerging Equity	23,420	35,927	32,252	31,855	31,431
LCIV - Longview	Global Equity	67,187	91,344	104,834	110,802	130,761
LCIV- CQS	Multi Asset Credit	43,676	54,707	55,874	53,558	59,727
LCIV - PIMCO	Global Bond				77,325	82,306
LCIV	Renewable Infra					4,078
	Total	**456,939**	**610,562**	**649,850**	**702,770**	**850,246**
	% of Fund	**40%**	**44%**	**43%**	**48%**	**54%**

The percentage of the Fund's assets held with LCIV increased from 48% to 54% during the year, continuing the trend of the last five years. The increase in 2024/25 was the result of the Fund increasing its investment in the BlackRock I-L bond fund, the commitment of capital to LCIV renewable infrastructure fund, and also the increased growth of pooled assets, notably equities, in relation the Fund's non pooled holdings. The Fund is committed to complying with the Government mandate to pool all listed assets by 31 March 2025.

Costs and Net savings

The initial and ongoing cost of pool membership are set out in the table below:

Expenses	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Set up costs:									
Share purchase	150								
Annual subscription		25	25	25	25	25	25	25	25
Dev. funding charge			75	65	65	85	85	85	76
Net (savings)/costs	**150**	**25**	**100**	**90**	**90**	**110**	**110**	**110**	**101**

The net savings from pooling for 2023/24 are outlined below:

2023/24	AUM £000s	Cost / (Saving) £000s
Savings:		
LCIV ACS Funds	423,525	(793)
BlackRock Passive Funds	422,643	(218)
Costs:		
LCIV ACS Management fee		86
LCIV Passive Management fee		19
Service and development charges		101
Net Savings		**(805)**

Asset table

In line with the new guidance the Fund's assets can be viewed in the table below, this provides an alternative assets classification than the Fund's SAA but is intended to aid comparison across other LGPS Fund's.

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
Equities	281.5	305.4	90.0	676.9
Bonds	142.0	117.2	202.4	461.6
Property	-	-	114.2	114.2
Hedge funds	-	-	-	-
Diversified Growth Funds	-	-	-	-
Private equity	-	-	104.9	104.9
Private debt	-	-	-	-
Infrastructure	4.1	-	56.5	60.6
Derivatives	-	-	0.2	0.2
Cash and net current assets	-	-	93.8	93.8
Other	-	-	64.4	64.4
Total	**427.6**	**422.6**	**726.4**	**1,576.6**

Further to this, as requested by the guidance, a supplementary table is shown below. This shows allocations across UK investments across four different assets classes.

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	9.0	11.2	7.5	27.7
UK Government Bonds	1.1	117.2	7.8	126.1
UK Infrastructure	1.7	-	41.2	42.9
UK Private Equity	-	-	7.9	7.9
	11.8	**128.4**	**64.4**	**204.6**

The assets covered by this table account for c.13% of the Funds total assets under management (AUM). This list is exhaustive and excludes a number of other asset classes where the Fund invests in the UK, including property and corporate bonds. The Fund estimates that c.35% of total AUM is invested in UK assets.

Section 6- Administration

Summary of activity

Throughout 2023/24, the Pension Section managed a wide range of administrative tasks. These included handling deaths, processing retirements, managing transfers, issuing refunds, calculating divorce settlements, enrolling new joiners, aggregating pension benefits, and processing opt-outs.

The Fund's Administration Strategy can be found here. The aim of the Strategy is to set out roles and responsibilities and performance targets to ensure that an efficient, effective, and compliant pension service is delivered, not only to Employers but also members of the Fund and associated stakeholders.

The Administration team provide regular updates on specific activities undertaken in quarterly reports to the Local Pension Board. The agendas, minutes and reports from Local Pension Board meetings can be viewed here.

A number of Key Performance Indicators (KPIs) are presented in Annex A and regular monitoring of these by Fund officers and Local Pension Board ensure that service to members of the pension fund is effective. The KPIs have been produced in line with the guidance issued for 2023/24.

Implementation of Comms policy

The Funds Communication Policy can be found here. During the year a number of activities have been undertaken to put this policy into action and enhance the service provided to members, including, but not exclusively, the below:

- **Presentations:** A new program of face-to-face presentations for employers and members has started. These presentations cover various topics such as opting in and out, annual benefit statements, 50/50 pensions, additional voluntary contributions, retirement, ill health retirement, redundancy, spouse/partner benefits, and member self-service. Positive feedback has been received, and more sessions are scheduled for June. Pension Clinics are also being arranged for the Spring, allowing members to have one-on-one sessions with pension officers following the distribution of annual benefit statements.
- **Videos:** Short informative videos have been created and will be made available to members. Current videos cover topics like 50/50 pensions and the expression of wish for payment of a death grant. More videos are planned to address frequently asked questions.
- **Gov.uk Notify**: An account with Gov.uk Notify has been set up to improve communication channels. This will help ensure members receive timely updates about the Member Self-Service portal, McCloud, and annual benefit statements.
- **Website:** The pensions website has been updated to include pension payment dates and the pension increase in line with the Consumer Price Index (CPI). Content from this year's AGM has also been uploaded. Google Analytics data showing the number of visits to the website will be included in future communication updates.

Value for Money

The Fund provides value for money for its members and employers. It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money. Detailed analysis Fund's income and expenditure for the year is provided in Financial Performance section of this report. Cost per member of the admin function is analysed below.

Cost of Fund Administration per member:

	2022/23		2023/24	
	£000s	£ per member	£000s	£ per member
Pensions Administration	977	38.43	1,087	41.94
Payroll Costs	280	11.02	220	8.49
Total Costs	**1,257**	**49.45**	**1,307**	**50.43**

The administration of the Fund comprises of 8.5 full-time equivalent (fte) staff, and costs just over £50 per member as shown in the table above. The cost per member has increased during the year, reflecting the increased capacity required in the Admin team to tackle the McCloud remedy. This cost per member is slightly lower than the average across all London Boroughs of £52.81 (based on 2023/24 SF3 data).

Complaints and dispute Resolution

The pension administration team occasionally deal with members of the fund who dispute an aspect of their pension benefits. These cases are dealt with by the Internal Dispute Resolution Procedure (IDRP). There were no IDRP case during the year.

Membership Report

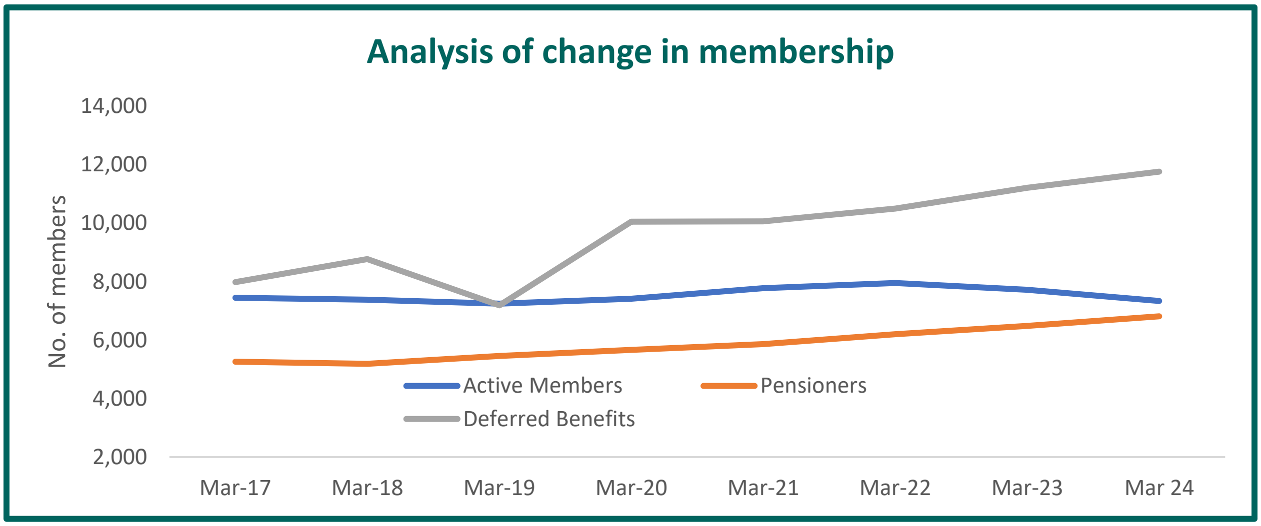
Membership of the fund is categorised into three types; Actives, Pensioners and Deferred.

- **Active** members are those that are currently contributing to the fund, all else being equal, a change in the number of active members will result in a change in contribution income received by the fund.
- **Pensioner** members are those that are currently drawing a benefit from the fund, all else being equal, a change in the number of pensioners will result in a change in the benefit expenditure of the fund.
- **Deferred** members in the analysis below includes individuals with a benefit entitlement who are no longer contributing to the scheme, and also individuals who have contributed to the scheme but are not eligible for any benefits (i.e. they did not contribute for a minimum of two years)

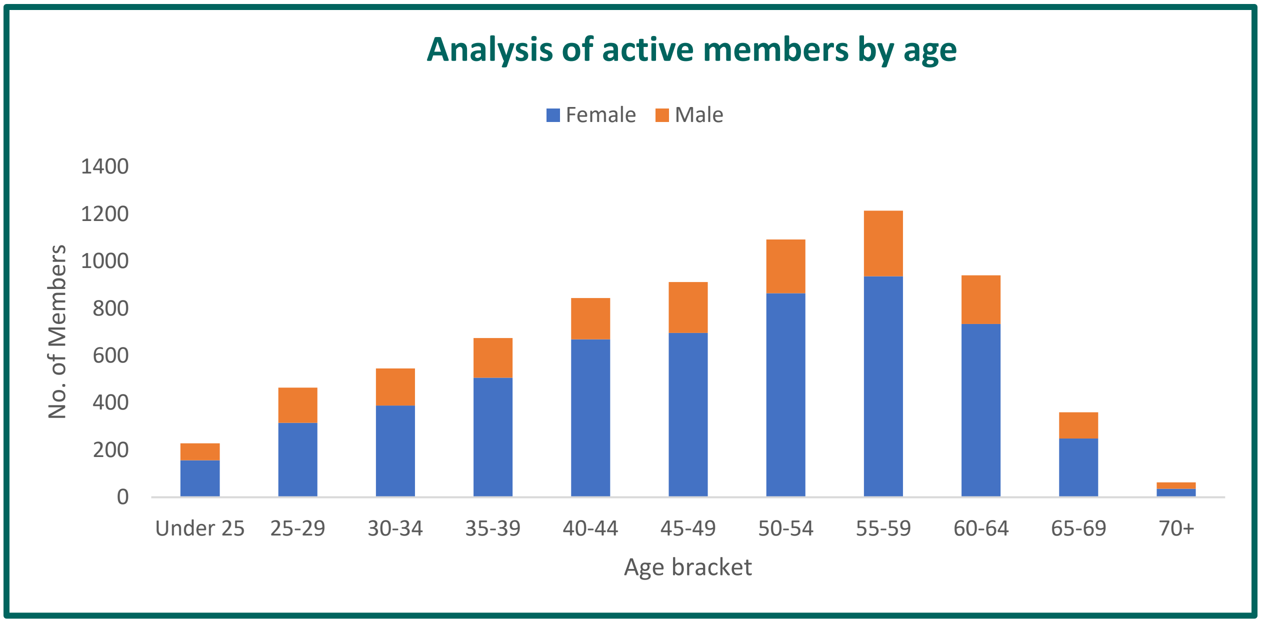
Total membership as at 31 March 2024 is shown below:

	March 24
Active Members	7,343
Pensioners	6,813
Deferred Benefits	11,760
Total	**25,916**

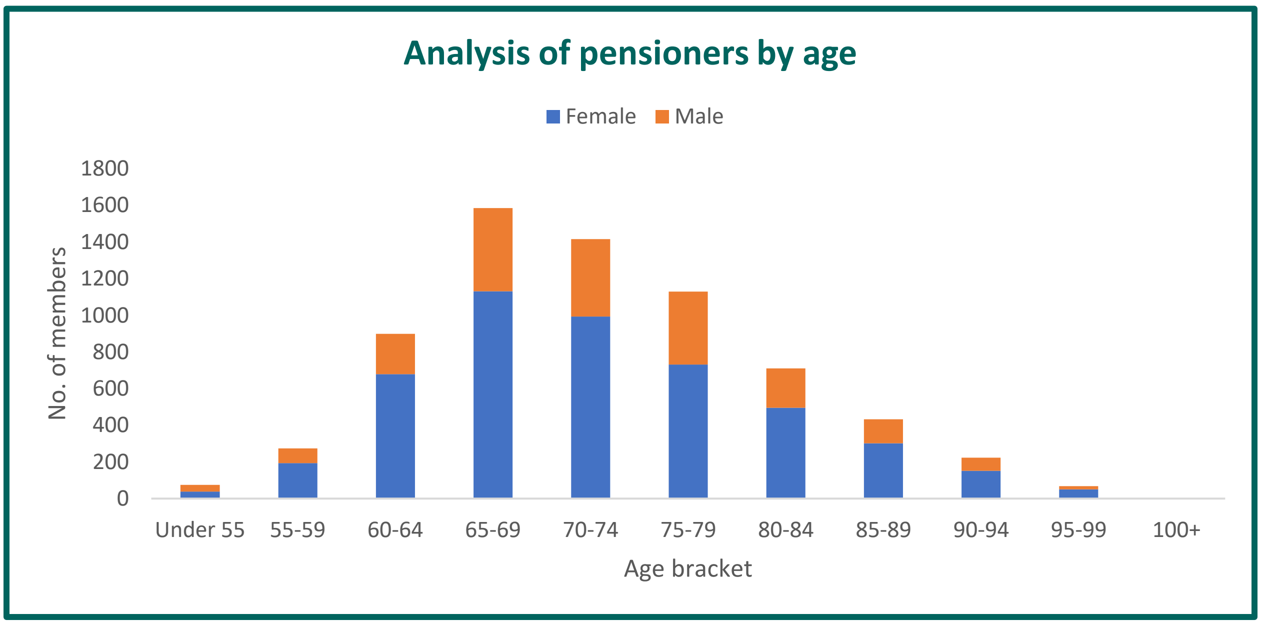
The change in membership numbers and the make-up of active and pensioner members are analysed further below.



Active membership has fallen by 5% during the year, this follows a fall of 3% last year. Prior to this there were 3 consecutive years of growth in active membership. The number of pensioners within the fund increased by 5%, a similar growth rate compared to last year. Over the last 5 years the number of pensioners has increased at an annualised rate of 4.55%, this is notably higher that the growth in active membership of 0.27% over the same period. This reflects the increasing maturity of the Fund.



The age profile of active members is shown in the chart above. 36% of all active members are over the age of 55. Members can currently take benefits at any time from age 55, provided they have met the two-year vesting period. If a member decides to draw their benefit before they reach normal pension age, they will usually be subject to a reduction on their benefit entitlement.



The chart above shows the age profile of pensioners within the Fund. Most pensioners, 57%, currently fall within the age bracket of 60-74. At the last triennial valuation date, the demographic assumptions, which inform the calculation of liabilities, assumed average life expectancy aged 65 was 21.7 years for Males and 24.1 years for Females.

Fund Employers

The London Borough of Enfield Fund Pension Fund consists of the employees of Enfield Council and the organisations shown in the table below. These bodies are split into two categories; scheduled bodies and admitted bodies. Scheduled bodies have a statutory right to be part of the scheme. Admitted bodies can join the scheme following application and agreement, there are two types of admitted bodies; those who join because they are providing services following transfer of service from a scheduled body, and not for profit bodies providing a public service.

The table below shows the breakdown of members by employing body:

	Number of contributors	Pensioners	Deferred Members	Frozen /Undecided
London Borough of Enfield	**5,232**	**6,227**	**6,743**	**2,456**
Scheduled Bodies				
Capel Manor College	186	72	261	146
Oasis Hadley Academy	96	20	91	87
Oasis Enfield Academy	170	28	167	92
Aylward Academy	27	16	37	47
AIM Academy north (Formally Nightingale Academy)	12	23	37	23
Kingsmead Academy	50	22	34	20
Enfield Grammar Academy	52	18	34	17
Southgate School Academy	48	13	24	42
Lea Valley High Academy	29	8	7	13
Connect Education Trust (Formally Enfield Learning Trust)	244	25	109	104
One Degree Academy (Adnan Jaffrey Trust)	25	0	0	5
Attigo Academy Trust	179	13	72	60
ARK John Keats Academy	87	0	19	41
Meridian Angel Primary School	11	1	10	8
Ivy Learning Trust	218	20	78	33
North Star Community (Formally Cuckoo Hall Academy Trust)	172	32	84	165
Edmonton County Academy	120	16	30	40
Children First Academy	247	32	84	60
Jewish Community Academy	27	3	2	14
Enfield Height Academy	0	0	2	1
Wren Academy	31	0	1	6
Southgate College	0	101	106	16
Enfield College	0	38	37	8
Subtotal – Scheduled Bodies	**2,031**	**501**	**1,326**	**1,048**
Admitted Bodies				
Enfield Voluntary Groups	3	6	3	0
Fitzpatrick	0	9	11	2
NORSE commercial services	0	25	60	2
Churchill	0	1	0	0
Metropolitan Support Trust	0	1	0	1
Leisure Trust	0	6	21	1
Fusion Lifestyle	0	6	9	0
Sodexo	3	2	1	0
Hughes Gardner	0	1	0	0
Equion Facilities Management	0	1	0	0
Outward Housing	0	8	7	0
Olive Dining - Edmonton Bury	0	1	1	0

Olive Dining - Aylward	0	3	2	0
Olive Dining - Winchmore	0	5	1	0
Olive Dining - Nightingale	1	0	0	0
Elior UK	0	2	2	0
REED Momenta	1	0	2	2
Birkin -Bishop Stopford	0	0	0	2
Birkin – Winchmore	0	0	1	0
Birkin – Nightingale	1	0	0	0
Birkin – Aylward	0	0	1	0
BDI Securities UK Ltd	0	1	0	0
European Cleaning Services	2	0	1	0
North London Homecare & Support Ltd	0	0	0	1
Purgo Supply Services	0	1	1	0
Sanctuary Housing	0	0	1	0
Lewis & Graves Partnership	0	1	4	0
The Pantry (UK) Ltd	8	0	3	1
Hertfordshire Catering Ltd	12	3	6	11
WGC Ltd - De Bohun	0	0	1	0
WGC Ltd - Children First Academy	12	0	1	0
Impact Food - Winchmore	3	0	0	0
Impact Food - St Ignatius	2	0	1	0
Lunchtime Co	0	0	19	3
Aspens - Aylward	0	1	1	0
Crystal Facilities Mgt Svcs	3	1	0	0
Taylor Shaw Ltd	23	0	0	0
Radish Catering - Latymer	3	0	0	0
Greenwich Leisure Ltd	3	0	0	0
Subtotal – Admitted Bodies	**80**	**85**	**161**	**26**
Total Membership	**7,343**	**6,813**	**8,230**	**3,530**

Payments Made by Employers into the Fund During 2023/24

£000's	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Enfield	2,512	2,562	2,520	2,508	2,482	2,489	2,484	3,461	2,626	2,658	2,607	2,598
Latymer school	22	22	22	22	21	23	25	36	27	24	25	27
Capel Manor	73	66	70	67	68	64	66	67	66	75	72	73
Oasis Enfield	112	110	111	110	110	105	105	146	115	116	115	115
Oasis Hadley	27	27	27	28	27	26	26	42	29	30	30	30
Aylward Academy	7	10	11	11	11	10	10	9	16	8	10	11
AIM Academy North (Nightingale)	2	2	2	3	3	2	2	4	3	3	3	2
Kingsmead academy	18	18	21	15	18	19	19	20	31	21	21	21
Enfield Grammar	18	19	20	21	19	20	20	31	21	20	21	21
Edmonton Academy Trust	42	41	43	43	43	51	50	51	80	56	56	54
Southgate School	23	10	17	17	15	13	14	24	16	16	16	15
Lea Valley High	13	13	13	14	13	13	13	14	19	14	14	15
Connect Eductn Trust	88	87	87	86	86	87	85	86	145	96	91	90
Adnan Jaffery Trust (One Degree Acdmy)	4	4	4	4	4	5	6	8	6	7	7	7
Attigo Academy Trust	41	39	40	41	39	38	38	61	53	51	52	52
Ark John Keats Academy	23	23	22	25	22	24	23	28	24	24	24	25
Meridian Angel Primary School	2	2	3	3	3	2	4	2	5	2	3	3
Ivy Learning Trust	79	78	78	77	77	75	77	119	86	87	92	84
Jewish Community Academy	9	9	9	9	9	9	10	10	13	10	10	10
Children First Academy	81	82	80	81	79	76	77	121	82	82	84	83
Wren Academy	7	8	9	1	7	10	10	13	7	10	11	11
North Star commty Trust	52	54	55	55	54	61	48	67	58	60	57	60
European Cleaning Services	1	1	1	1	1	0	0	1	0	1	1	1
Enfield Racial Equality Centre (EREC)	0	0	0	1	0	1	0	0	0	0	0	0
The Pantry (UK) Ltd	2	2	2	1	2	1	1	2	2	2	2	2
Hertfordshire Catering Ltd	7	7	6	5	3	4	3	2	3	2	3	3
Impact Food	2	2	2	2	2	0	1	2	1	2	1	1
Reed Wellbeing (momenta)	2	1	1	1	1	2	1	1	1	2	1	1
Sodexo	1	1	1	1	1	1	1	1	1	1	1	1
fusion Lifestyle	0	0	0	0	0	0	0	0	0	0	0	0
WGC Ltd	2	2	2	2	2	2	2	1	2	2	2	2
Crystal Facilities Mgt Svcs	1	1	0	1	1	0	1	1	1	1	0	0
Radish (Churchill Contract Catering Ltd)	0	0	0	1	1	2	1	1	1	1	0	1
Enfield Voluntary Action	1	1	1	1	1	3	2	1	2	1	2	2
Lewis & Graves	2	3	3	2	3	2	2	0	0	0	0	0
Greenwich Leisure Ltd	0	0	0	0	0	0	0	0	1	0	1	1
Birkin Cleaning (Nightingale)	0	0	1	0	0	0	1	0	0	0	0	0
Olive Dining (Nightingale)	0	0	0	0	0	1	0	0	0	0	0	1
Taylor Shaw Ltd	6	6	6	6	6	7	6	6	6	6	6	5

The table above outlines the contributions paid by each employing body during 2023/24. Statue specifies that contributions must be paid into the fund by the 19th day of the following month to that which they relate. The Pension Regulations allows for interest to be levied on contributions that are not paid on time, there were 10 late payments during 2023/24, but were considered as minor breaches & payments were received within a short time period, so this power was not exercised.

Section 7- Actuarial reports on funds

London Borough of Enfield Pension Fund | Hymans Robertson LLP

London Borough of Enfield Pension Fund ("the Fund") Actuarial Statement for 2023/24

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated September 2022 In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. Employer contributions have been set to have a sufficiently high likelihood of achieving the funding target over 25 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 25 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,523 million, were sufficient to meet 104% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £53 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure, as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.4%
Salary increase assumption	3.8%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on S3PA (heavy) tables with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.7 years	24.1 years
Future Pensioners*	23.0 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.

Tom Hoare

Tom Hoare FFA

23 May 2024

For and on behalf of Hymans Robertson LLP

Section 8- External audit opinion

The external audit opinion will be added upon completion of the audit of the 2023/24 accounts

Section 9- Additional information

Glossary of Terms

Actuary	A person who analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep the Fund solvent.
Admitted bodies	These are employers who have been allowed into the Fund at the Council's discretion.
Alternative investments (Other Pooled Funds)	These are less traditional investments where risks can be greater but potential returns higher over the long term, for example investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.
AVCs	Additional voluntary contributions are paid by a contributor who decides to supplement his or her pension by paying extra contributions to the Fund's AVC provider (Prudential).
Bulk transfer	A transfer of a group of members agreed by, and taking place between, two pension schemes.
Commutation	The conversion of an annual pension entitlement into a lump sum on retirement.
Contingent liability	A possible loss, subject to confirmation by an event after the balance sheet date, where the outcome is uncertain.
Custodian	A bank that looks after the Fund's investments, implements investment transactions as instructed by the Fund's managers and provides reporting, performance and administrative services to the Fund.
Cross subsidies	Amounts of money by which organisations subsidise each other.
Discretionary	Allowable but not compulsory under law.
Dividends	Income to the Fund on its holdings of UK and overseas equities.
Emerging markets	The financial markets of developing economies.
Equities	Shares in UK and overseas companies.
FTSE	Financial Times – publishers of the FTSE-100, and other indices.

Gilt-edged securities (or Gilts)	Fixed-interest stocks issued by the UK Government.
Hedge fund	A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.
Index	A measure of the value of a stock market based on a representative sample of stocks.
LGPS	The Local Government Pension Scheme is a nationwide scheme for employees working in local government or working for other employers participating in the scheme and for some councillors.
Mandatory	Compulsory by force of law.
Myners	Paul Myners, author of the Myners Report into institutional investment in the UK, published in March 2001.
Private equity	Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (ie, not easily turned into cash) and higher-risk investments that should provide high returns over the long term.
Projected unit actuarial method	One of the common methods used by actuaries to calculate a contribution rate to the Scheme, which is usually expressed as a percentage of the members' pensionable pay.
Recovery period	Timescale allowed (up to a maximum of 40 years) over which surpluses or deficiencies to the Fund can be eliminated.
Rolling three-year periods	Successive periods of three years, such as years one to three, followed by years two to four. Performance is often measured over longer periods than a single year to eliminate the short-term effects of volatile changes in stock markets.
Scheduled bodies	These are organisations that have a right to be in the Fund.
Transfer value	A cash sum representing the value of a member's pension rights.
With profits	With-profits funds are investments that give a return in the form of annual bonuses and usually a final or terminal bonus.
Yield	Annual income on an investment divided by its price and expressed as a percentage.

Annex A - Administration Key Performance Indicators

Table A – Total Number of Casework

REF	Casework KPI	Total number of cases open as at 31st March 23 (starting position)	Total number of new cases created in the year (1st April 23 to 31st March 24)	Total number of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and survivor members	224	85	147	183	45%
A2	New survivor benefits	61	72	62	57	48%
A3	Deferred member retirements	235	178	192	194	45%
A4	Active member retirements	164	268	277	276	63%
A5	Deferred benefits	290	441	579	805	77%
A6	Transfers in (including interfunds in , club transfers	226	159	158	287	56%
A7	Transfers out (including interfunds out, club transfers	53	191	240	87	62%
A8	Refunds	19	103	119	100	84%
A9	Divorce quotations issued	5	23	24	36	88%
A10	Actual divorce cases	6	1	1	0	n/a
A11	Member estimates requested either by scheme member and employer	48	273	258	419	93%
A12	New joiner notifications	0	1822	1822	1450	100%
A13	Aggregation cases	404	50	64	48	11%
A14	Optant out received after 3 months membership	6	263	265	350	98%

Table B – Time taken to process casework

REF	Casework KPI	Suggested fund target	% completed within fund target in year	% Completed in previous year	
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	81%	45%	
B2	Communication issued confirming the amount of dependents pension	10 days	60%	48%	
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days	89%	93%	* combined reporting for ret estimates
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	89%	93%	* combined reporting for ret estimates
B5	Communication issued to deferred members with confirmation of pension and lump sum options (actual)	15 days	60%	45%	
B6	Confirmation issued to active member with confirmation of pension and lump sum options (actual)	15 days	41%	63%	
B7	Payment of lum sum (both actives and deferreds)	15 days	63%	57%	
B8	Communications issued with deferred benefit options	30 days	92%	74%	

Table C – Communications and engagement

REF	Engagement with online portals	% as at 31st March 2024
C1	% of Active members registered	20%
C2	% of Deferred members registered	20%
C3	% of Pensioner and survivor members registered	13%
C4	% Total of all scheme members registered for self service	19%
C5	Number of registered users by age	see chart below
C6	% of all registered users that have logged onto the service in the last 12 months	13%
	Communication	
C7	Total number of Telephone calls received in year	
C8	Total number of email and online channel queries received	
C9	Number of scheme member events held in year (total of in person and online)	13
C10	Number of employer engagement events held in year (in person and online)	6
C11	Number of Active members who received a one to one (in person or online)	unable to quantify this at present time
C12	Number of times a communication (i.e. newsletter) issued to;	
	a) Active members	3
	b) Deferred members	2
	c) Pensioners	2

C5 Age Chart

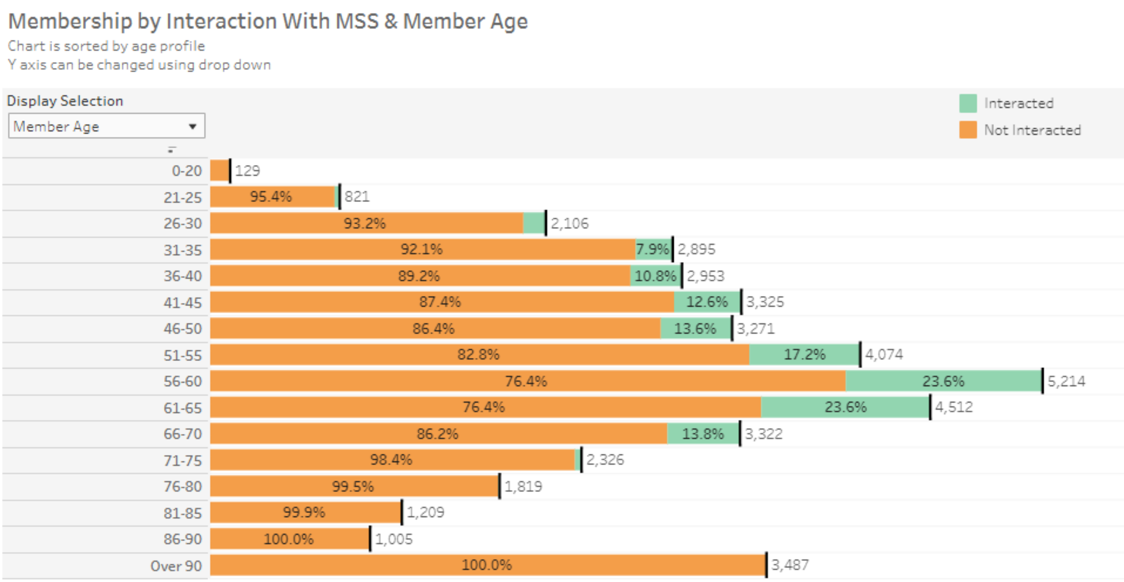


Table D – Resources

REF	Resources	
D1	Total number of all administration staff	8.5
D2	Average service length of all administration staff	13.5 years
D3	Staff vacancy rate as %	5
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	3,197
D5	Ratio of all administration staff (excluding management) to total number of scheme members	4,941

Table E – Data Quality

REF		
	Annual Benefit statements	
E1	Percentage of Annual Benefit statements issued as at 31st August	93%
	Short commentary if less than 100%	7% missing or unknown address
	Data Category	**as at 31st March 2024**
E3	Common Data score	96%
E4	Scheme specific data score	97%
E5	Percentage of Active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	11%
E6	Percentage of Active, deferred and pensioner members with an email address held on file	54%
Employer Performance		**as at 31st March 2024**
E7	Percentage of employers set to make monthly data submissions	90%
E8	Percentage of employers who submitted monthly data on time during the reporting year	74%

Annex B - Governance compliance statement

Governance & Compliance Statement

Introduction

The London Borough of Enfield is the Administering Authority of the London Borough of Enfield Pension Fund and administers the Local Government Pension Scheme on behalf of participating employers.

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Local Government Pension Scheme (LGPS) Administering Authorities to publish Governance Policy and Compliance Statements setting out information relating to how the Administering Authority delegates its functions under those regulations and whether it complies with guidance given by the Secretary of State for Communities and Local Government. It also requires the Authority to keep the statement under to review and to make revisions as appropriate and where such revisions are made to publish a revised statement. A list of delegations is provided in Appendix A.

Aims and Objectives

Enfield Council recognises the significance of its role as Administering Authority to the London

Borough of Enfield Pension Fund on behalf of its stakeholders which include:

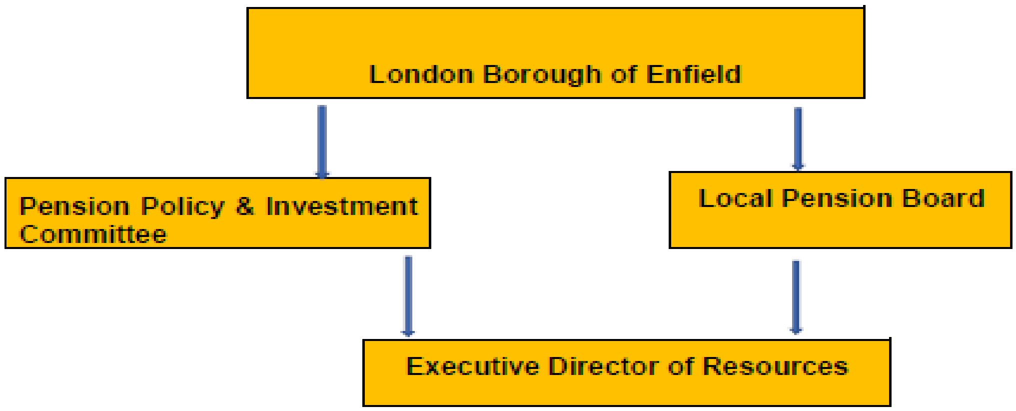
- Over 25,500 current and former members of the Fund, and their dependants
- around 53 employers within the Enfield Council area or with close links to Enfield Council
- the local taxpayers within the London Borough of Enfield.
- In relation to the governance of the Fund, our objectives are to ensure that:
- all staff and Pension Policy & Investment Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
- all relevant legislation is understood and complied with
- the Fund aims to be at the forefront of best practice for LGPS funds
- the Fund manages Conflicts of Interest appropriately

Structure

The Constitution of the Council sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and that those who made the decisions are accountable to local people.

The Council delegates its responsibility for administering the Fund to the Pension Policy & Investment Committee. The terms of this delegation are as set out in the Council Constitution and provide that the Committee is responsible for consideration of all pension matters and discharging the obligations and duties of the Council under the Superannuation Act 1972 and various statutory matters relating to investment issues.

The Constitution sets out the framework under which the Pension Fund is to be administered as depicted in the diagram below.



Terms of Reference for the Pension Policy & Investment Committee

The Constitution allows for the appointment of a Pension Policy & Investment Committee which has responsibility for the discharge of all non-executive functions assigned to it.

The following are the terms of reference for the Pension Policy & Investment Committee:

a) To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pensions' legislation.
b) To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.
c) To formulate and publish an Investment Strategy Statement.
d) To formulate and publish an Funding Strategy Statement
e) To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives.
f) To consider Environmental, Social & Governance factors when making investment decisions
g) To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.
h) To make arrangements for the triennial actuarial valuation, to monitor liabilities and to undertake any asset/liability and other relevant studies as required.
i) To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
j) To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.
k) To receive and approve an Annual Report on the activities of the Fund prior to publication.
l) To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.

m) To keep the terms of reference under review.
n) To determine all matters relating to admission body issues.
o) To focus on strategic and investment related matters at two Pension Policy & Investment Committee meetings.
p) To review the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan
q) To maintain an overview of pensions training for Members.

Membership of the Pension Policy & Investment Committee

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. 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.

The committee is supported by Investment advisors. They are present to provide their expertise in investment matters and no significant investment decisions shall be taken without consultation with these members.

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.

Members of the Pension Policy & Investment Committee~~,~~, are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties; meetings are open to members of the public who are welcome to attend. However, there may be occasions when members of the public are excluded from meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Expectations of the Chair

As a matter of good practice, the chair need to be able to demonstrate the skills and behaviours below:

a) Act as the leader of the governing body and demonstrate the standards of behaviour expected from other members of the board.
b) Represent the interests of the scheme to all relevant parties, including employers, advisers, service providers, and members.
c) Have an independent viewpoint when necessary and be able to manage potential conflicts (see Conflicts of interest).
d) Be able to recognise each individual trustee's potential, and ensure their knowledge and skills are used effectively (see Knowledge and understanding).

e) Encourage members of the governing body to think strategically and take the broad, long-term view.
f) Help achieve compromise and consensus between differing parties to achieve good member outcomes.
g) Encourage participation from all members of the governing body, including new members.
h) Be able to demonstrate elements of the following skills:
– Communication with the governing body and its stakeholders.
– Organising teaching, and training (sourcing if not delivering).

Meetings

The Pension Policy & Investment Committee shall meet at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. Work for the year will be agreed with the Committee to include dedicated training sessions for Committee members.

Agendas for meetings will be agreed with the Chair and will be circulated with supporting papers to all members of the Committee, Officers of the Council as appropriate and the Fund's Investment Advisor.

The Council will give at least five clear working days' notice of any meeting by posting details of the meeting at the Enfield Civic Centre and on the Council's website. The Council will make copies of the agenda and reports open to the public available for inspection at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The reason for lateness will be specified in the report.

There may on occasions be items which may be exempt from the agenda, reports and minutes of the meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed. Items which are most likely to be excluded are issues where to disclose information would contravene an individual's privacy or where there are financial interests which may be compromised as a result of disclosure for example discussions surrounding contracts.

The Council will make available copies of the minutes of the meeting and records of decisions taken for six years after a meeting. Minutes of meetings and records of decisions are available for inspection on the Council's website:

http://governance.enfield.gov.uk/ieListMeetings.aspx?CommitteeId=664

Other Delegations of Powers

The Pension Policy & Investment Committee act as quasi trustees and oversee the management of the Pension Fund. As quasi trustees the Committee has a clear fiduciary duty in the performance of their functions, they must ensure that the Fund is managed in accordance with the regulations and to do so prudently and impartially and to ensure the best possible outcomes for the Pension Fund, its participating employers, local taxpayers and Scheme members. Whilst trustees can delegate some of their powers, they cannot delegate their responsibilities as trustees.

Under the Council's Constitution delegated powers have been given to the Executive Director of Resources in relation to all other pension fund matters, in addition to this role as Chief Financial Officer (often called S151 Officer). As Chief Financial Officer there is the responsibility of preparing the Pension Fund Annual Report & Accounts and ensuring the proper financial administration of the Fund. As appropriate the Executive Director of Resources will delegate aspects of the role to other officers of the Council including the Head of Pension Investments and to professional advisors within the scope of the LGPS Regulations.

Pension Board

With effect from 1 April 2015, each Administering Authority is required to establish a local Pension Board to assist them with:

- securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator
- ensuring the effective and efficient governance and administration of the Pension Fund

Such Pension Boards are not local authority committees; as such the Constitution of Enfield Council does not apply to the Pension Board unless it is expressly referred to in the Board's terms of reference. The Enfield Pension Board established by Enfield Council and the full terms of reference of the Board can be found within the Council's Constitution. The key points are summarised below.

Role of the Pension Board

The Council has charged the Pension Board with providing oversight of the matters outlined above. The Pension Board, however, is not a decision making body in relation to the management of the Pension Fund and the Pension Fund's management powers and responsibilities which have been delegated by the Council to the Pension Policy & Investment Committee or otherwise remain solely the powers and responsibilities of them, including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and fund managers.

Membership of the Pension Board

3 members of the Council

The Board shall consist of 8 voting members, as follows:

(a) 4 scheme members appointed by the Staff Side after a nomination and selection process with a view to representing all scheme members (including, as far as practicable, those employed or formerly employed by admitted and scheduled bodies) and after consultation with the recognised trade unions;

(b) 4 Employer Representatives, 3 of whom who shall be Councillors appointed by the Council and the remaining member shall be appointed by the Administering Authority from nominees of admitted and scheduled bodies.

(c) Up to 3 other members, who are not entitled to vote, appointed to the Board by the agreement of both the Administering Authority and the Board.

(d) Substitutes shall not be appointed.

No person who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board. All representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required. Members of the Pension Board are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

Chair and Vice-Chair appointed by:

The chair shall be appointed by the Board and

(a) Shall ensure the Board delivers its purpose as set out in the Terms of Reference,

(b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and

(C) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

Meetings

The Pension Board meets at least twice a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. The Pension Board will be treated in the same way as a Committee of Enfield Council and, as such, members of the public may attend and papers will be made public in the same way as described above for the Pension Policy & Investment Committee.

Policy Documents

In addition to the foregoing, there are a number of other documents which are relevant to the Governance and management of the Pension Fund. Brief details of these are listed below and the full copies of all documents can be found on the Pension Fund Website:

http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Funding Strategy Statement

The Funding Strategy Statement forms part of the framework for the funding and management of the Pension Fund. It sets out how the Fund will approach its liabilities and contains a schedule of the minimum contribution rates that are required of individual employers within the Fund. The Funding Strategy Statement (FSS) is drawn up by the Administering Authority in collaboration with the Fund's actuary and after consultation with the Fund's employers. The FSS forms part of a broader framework which covers the Pension Fund and applies to all employers participating in the Fund. The FSS represents a summary of the Fund's approach to funding the liabilities of the Pension Fund.

Investment Strategy Statement

The Investment Strategy Statement (ISS) replaced the Statement of Investment Principles from 1st April 2016. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

This ISS is designed to be a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, provides transparency in relation to how the Fund investments are managed, acts as a risk register, and has been designed to be informative but reader focused.

This document will be reviewed following the completion of the Fund investment strategy review and updated revised version will be tabled at the November Pension Policy & Investment Committee meeting for approval.

Governance Policy Compliance Statement

This sets out the Pension Fund's compliance with the Secretary of State's Statutory Guidance on Governance in the LGPS. This is attached as Appendix **B** and shows where the Fund is compliant or not compliant with best practice and the reasons why it may not be compliant.

Training Policy

Enfield Council has a Training Policy which has been put in place to assist the Fund in achieving its governance objectives and all Pension Policy & Investment Committee members, Pension Board members and senior officers are expected to continually demonstrate their own personal commitment to training and to ensuring that the governance objectives are met.

To assist in achieving these objectives, the London Borough of Enfield Pension Fund aims to comply with:

- the CIPFA Knowledge and Skills Frameworks and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and
- the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes.

As well as any other LGPS specific guidance relating to the knowledge and skills of Pension Policy & Investment Committee members, Pension Board members or pension fund officers which may be issued from time to time.

Members of the Pension Policy & Investment Committee, Pension Board and officers involved in the management of the Fund will receive training to ensure that they meet the aims of the Training Policy with training schedules drawn up and reviewed on at least on annual basis.

Annual Report and Accounts

As part of the financial standing orders it is the duty of the Chief Financial Officer to ensure that record keeping and accounts are maintained by the Pension Fund. The Pension Fund accounts are produced in accordance with the accounting recommendations of the Financial Reports of Pension Schemes - Statement of Recommended Practice. The financial statements summarise the transactions of the Scheme and deal with the net assets of the Scheme. The statement of accounts is reviewed by both the Pension Policy & Investment Committee and the Audit

Committee and incorporated in the Statement of Accounts for the Council. Full copies of the Report and Accounts are distributed to employers in the Fund and other interested parties and a copy placed on the websites:

http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Communication Policy

This document sets out the communications policy of the administering authority and sets out the strategy for ensuring that all interested parties are kept informed of developments in the Pension Fund. This helps to ensure transparency and an effective communication process for all interested parties. A copy of the policy can be found on the Pensions website:

http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Discretions Policies

Under the Local Government Pension Scheme regulations, the Administering Authority has a level of discretion in relation to a number of areas. The Administering Authority reviews these policies as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power. Copies of both the Administering Authority and the London Borough of Enfield' Employing Authority Discretions can be found on the website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Pension Administration Strategy and Employer Guide

In order to assist with the management and efficient running of the Pension Fund, the Pension Administration Strategy and Employer Guide encompassing administrative procedures and responsibilities for the Pension Fund for both the Administering Authority and Employing Authorities has been distributed to employers within the Fund following consultation and can be found on the website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

Approval, Review and Consultation

This Governance Policy and Statement was approved by the London Borough of Enfield Pension Policy & Investment Committee following consultation with all the participating employers in the Fund and other interested parties. This document was reviewed by PPIC in November.

Contact Information Further information on the London Borough of Enfield Pension Fund can be found as shown below:

Email: pensions@enfield.gov.uk

Website: http://governance.enfield.gov.uk/mgCommitteeDetails.aspx?ID=664

Appendix A – Delegation of Functions to Officers by Enfield Pension Policy & Investment Committee

Key:
PPIC – Pension Policy & Investment Committee *HPI – Head of Pension Investments*
EDR – Executive Director of Resources & Officers *DF - Director of Finance*
IC – Investment Consultant *FA – Fund Actuary* *IA – Independent Adviser*

Function delegated to PPIC	Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
Rebalancing and cash management	Implementation of strategic allocation including use of ranges. Daily cash management and investing in line with Treasury management strategy.	EDR, DF & HPI (having regard to ongoing advice of the IC, IA, FA)	High level monitoring at PPIC with more detailed monitoring by DF.
Investment strategy – approving the Fund's investment strategy, Investment Strategy Statement and Myners Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite	HPI to formally review the Scheme's asset allocation at least every three year's taking account of any changes in the profile of Scheme liabilities and will assess any guidance regarding tolerance of risk. It will recommend changes in asset allocation to the Pension Policy & Investment Committee	EDR, DF & HPI (having regard to ongoing advice of the IC, IA, FA)	High level monitoring at PPIC with more detailed monitoring by DF and EDR
Monitoring the implementation of policies and strategies on an ongoing basis.	New mandates / emerging opportunities To consider the Scheme's approach to social, ethical and environmental issues of investment, corporate governance and shareholder activism and recommend revisions to the Pension Policy & Investment Committee.	EDR, DF & HPI (having regard to ongoing advice of the IC, IA, FA and OAP)	High level monitoring at PPIC with more detailed monitoring by HPI
Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, and independent professional advisers.	Ongoing monitoring of Fund Managers and Pool Operator Selection, appointment, addition, replacement and dismissal of Fund Managers To evaluate the credentials of potential managers and make recommendations to the Pension Policy & Investment Committee	DF & HPI (having regard to ongoing advice of the IA & IC) and subject to ratification by PPIC	High level monitoring at PPIC with more detailed monitoring by HPI

	To review the Scheme's AVC arrangements annually. If it considers a change is appropriate, it will make recommendations to the Pension Policy & Investment Committee.		
Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.	Agreeing the Administering Authority responses where the consultation timescale does not provide sufficient time for a draft response to be approved by PPIC.	EDR, DF and HPI, subject to agreement with Chairman and Vice Chairman (or either, if only one available in timescale)	PPIC advised of consultation via email (if not already raised previously at PPIC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PPIC for noting.
Agreeing the Fund's Knowledge and Skills Policy for all Pension Policy & Investment Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.	Implementation of the requirements of the CIPFA Code of Practice	EDR & DF & HPI	Regular reports provided to PPIC and included in Annual Report and Accounts.
The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Policy & Investment Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Policy & Investment Committee.	Other urgent matters as they arise	EDR, DF and HPI subject to agreement with Chairman and Vice Chairman (or either, if only one is available in the timescale)	PPIC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PPIC.
	Other non-urgent matters as they arise	Decided on a case by case basis	As agreed at PPIC and subject to monitoring agreed at that time.

Appendix B

PRINCIPLE	REQUIREMENT	COMPLIANCE	COMMENT
STRUCTURE	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council	Compliant	The Council's Constitution states that the Pension Policy & Investment Committee is responsible for the management of the Pension Fund
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant	Trade union representatives and representatives of admitted bodies sit on the Pension Board.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Compliant	A report of the Pension Board and subcommittees meetings are presented at the following Pension Policy & Investment Committee. All key recommendations of the Pension Board are considered, noted and ratified by the Pension Policy & Investment Committee as deemed appropriate.
	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Compliant	All members of the sub committees are also members of the Pension Policy & Investment Committee.
REPRESENTATION	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - ■ employing authorities (including nonscheme employers, e.g. admitted bodies), ■ scheme members (including deferred and pensioner scheme members),	Compliant	Trade unions and admitted bodies are represented on the Local Pension Board

	■ independent professional observers, ■ expert advisors (on an ad-hoc basis).		
	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Compliant	Papers for Local Pension Board and the Pension Policy & Investment Committee are made available to all members of each body at the same time and are published well in advance of the meetings in line with the council's committee agenda publication framework.
SELECTION & ROLE OF LAY MEMBERS	That committee or board members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee. Selection is made following full Council.	Compliant	Members of the Local Pension Board and Pension Policy & Investment Committee have access to the terms of reference of each body and are aware of their roles and responsibilities as members of these bodies.
VOTING	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant	Members of the Pension Policy & Investment Committee does not currently confer voting rights on non-Councillors in line with common practice across the local government sector.
TRAINING/FACILITY TIME/EXPENSES	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliant	Regular training is arranged for members of the Local Pension Board and the Pension Policy & Investment Committee. In addition members are encouraged to attend external training courses. The cost of any such courses attended will be met by the Fund.
	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant	The rule on training provision is applied equally across all members of the Local Pension Board and the Pension Policy & Investment Committee.
MEETINGS (FREQUENCY/ QUORUM)	That an administering authority's main committee or committees meet at least quarterly.	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are arranged to take place quarterly.
	That an administering authority's secondary committee or panel meet at least twice a year and is	Compliant	Meetings of the Local Pension Board and the Pension Policy & Investment Committee are

	synchronised with the dates when the main committee sits.		arranged to take place quarterly.
	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant	Union representatives are on the Local Pension Board. Other stakeholders of the Fund are able to make representations at the Annual General Meeting of the Pension Fund.
ACCESS	Subject to any rules in the Council's Constitution, all members of the main and secondary committees or panels have equal access to committee papers, documents and advice that fails to be considered at meetings of the main committee.	Compliant	Board/Committee meeting papers are circulated at the same time to all members of the Local Pension Board / Pension Policy & Investment Committee.
SCOPE	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	Local Pension Board and Pension Policy & Investment Committee considers a range of issues at their meetings and therefore has taken steps to bring wider scheme issues within the scope of the governance arrangements.
PUBLICITY	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Compliant	This Governance Compliance Statement is a public document that is attached as an appendix to the annual pension fund report.