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## AGENDA FOR THE PENSIONS BOARD

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Members of the Pensions Board are summoned to attend a meeting which will be held in Committee Room 4, Town Hall, Upper Street, London N1 2UD on **21 September 2016 at 6.00pm.**

**Debra Norman**  
**Assistant Chief Executive – Governance and Human ~Resources**

Enquiries to : Mary Green  
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Despatched : 13 September 2016

### Membership 2016/17

#### Employer representatives:

Maggie Elliot  
Councillor David Poyser (Vice-Chair)  
(vacancy)

#### Scheme member representatives:

Vaughan West (Chair)  
Mike Calvert  
Marion Oliver (substitute is Thelma Harvey)

#### Independent member

David Bennett

Quorum is 3, including at least one employer representative and one member representative



**A. Formal matters** **Page**

1. Apologies for absence
2. Declaration of interests

If you have a Disclosable Pecuniary Interest\* in an item of business:

- if it is not yet on the council's register, you must declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you must leave the room without participating in discussion of the item.

If you have a personal interest in an item of business and you intend to speak or vote on the item you must declare both the existence and details of it at the start of the meeting or when it becomes apparent but you may participate in the discussion and vote on the item.

\* (a) Employment, etc - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to all members present at the meeting.

3. Minutes of the previous meeting 1 - 4

**B. Non-exempt items**

1. Pension administration performance 5 - 8
2. Communications strategy policy 9 - 16
3. Training register (verbal report) -
4. KPMG audit report of 15/16 accounts – presentation -

5. Draft annual report (to follow) -

**C. Urgent non-exempt items**

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

**D. Exclusion of press and public**

To consider whether, in view of the nature of the remaining items on the agenda, any of them are likely to involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972 and, if so, whether to exclude the press and public during discussion thereof.

**E. Confidential/exempt items**

**F. Urgent exempt items**

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Pensions Board will be on 13 March 2017

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London Borough of Islington

## **Pensions Board - 11 April 2016**

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, London N1 2UD on 11 April 2016 at 6.10 pm.

**Present:** David Bennett, Mike Calvert, Thelma Harvey, Marion Oliver, Councillor David Poyser (Vice-Chair) and Vaughan West (Chair)

**Also Present:** Councillor: Richard Greening

### **Vaughan West in the Chair**

**8** **APOLOGIES FOR ABSENCE (Item A1)**  
Received from Maggie Elliot.

**9** **DECLARATION OF INTERESTS (Item A2)**  
None.

**10** **MINUTES OF THE PREVIOUS MEETING (Item A3)**

**RESOLVED:**

That the minutes of the Board meeting held on 14 September 2015 be confirmed as a correct record and the Chair be authorised to sign them.

Matter arising:

Minute 6 – Role/undertaking – discussion item – It was noted that the Pension Fund accounts were audited separately from the Council's accounts. KPMG would be invited to attend the September Board meeting. It was also noted that Internal Audit could be invited to a future meeting.

**11** **PENSION ADMINISTRATION PERFORMANCE (Item B1)**

Steve Rogers, Pensions Manager, introduced his report, noting that the key performance indicators in paragraph 3.2 were similar to those reported to the last meeting. There had been a rise in the number of pension estimates to achieve, as the Council had recently made some staff redundancies..

**RESOLVED:**

That the performance against key performance indicators for the period from 1 August 2015 to 29 February 2016, including statistics regarding the internal dispute resolution procedure, complaints and compliments, as detailed in the report of the Assistant Chief Executive – Governance and Human Resources, be noted.

**12** **ABATEMENT OF PENSION DURING RE-EMPLOYMENT (Item B2)**

Steve Rogers, Pensions Manager, introduced his report. Referring to practice in other boroughs, detailed in Appendix 1 of the report, he wished to add that Hackney Council had no abatement, unless a person had compensatory added years. He noted that there were currently 35 to 40 pension recipients being monitored by Islington Pension Team to ensure that abatement levels were not reached.

**RESOLVED:**

That the Audit Committee be requested to amend the current policy to cease abatement of pensions.

**13** **PENSION BOARD - WORK PLAN 2016/17 (Item B3)**

Joana Marfoh directed members to paragraphs 3.4 and 3.5 of the report, which set out proposed foci for the Board's work plan during the year. She suggested that the reports considered by the Pensions Sub-Committee, including the quarterly performance reports, all of which were supplied to members of the Board, would assist Board members in carrying out its responsibilities to the scheme manager, the Pensions Sub-Committee in Islington's case.

It was agreed that the Pensions Communications Strategy should be submitted to the Board for consideration.

It was noted that newsletters to pensioners were published on Islington's website, though the page needed to be updated.

**RESOLVED:**

(a) That the following items (from paragraph 3.4 of the report) form the foci of the Board's work plan this year:

- (a) Its own training, knowledge and understanding
- (e) Reviewing fund risks and internal systems and controls
- (c) Employer and member communications
- (d) Reporting regulatory breaches

(b) That, in addition to the items in resolution (a) above, internal audit and a risk register be considered.

(c) That the Pensions Communications Strategy be submitted to the Board for consideration.

(d) That Board members be sent information on their fiduciary duties and responsibilities.

(e) That it be noted that training on the triennial actuarial valuation would take place in September 2016.

**14** **BREACHES PROCEDURE - POLICY AND GUIDELINES (Item B4)**

**RESOLVED:**

(a) That the "Draft Breaches of the law - Policy Guidelines and Procedure for Islington Council Local Pension Board", attached as an appendix to the report of the Corporate Director of Finance and Resources, be approved.

(b) That the Policy be reviewed annually.

**15** **TRAINING REGISTER (Item B5)**

Members of the Board were encouraged to complete the "Islington Knowledge and Training Policy" as soon as possible and to then forward the completed version to Joana Marfoh.

**16**      **NEXT MEETING (Item )**

The Chair advised members that there had been a change to the scheduled date of 6 September 2016 for the next meeting of the Board, which was to be re-arranged. Members were asked to let the Chair know of any dates in the first three weeks of September 2016 when they would not be able to attend a Board meeting.

Members would be advised as soon as possible of the new date for the September meeting.

The meeting ended at 6.50 pm

**CHAIR**

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Report of: **Governance and Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	21 September 2016		
Delete as appropriate		Non-exempt	

## **SUBJECT: PENSION ADMINISTRATION PERFORMANCE**

### **1. Synopsis**

- 1.1 This report provides the Board with information on the administration activities of the Pension Administration section of the Human Resources Department. The information is in respect of the period from 1 March 2016 to 31 August 2016.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, and compliments & complaints.
- 1.3 There is an additional paragraph explaining a delay in provision of Annual Benefit Statements.

### **2. Recommendations**

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the information in respect of the Internal Dispute Resolution Procedure, and compliments & complaints.
- 2.3 To note the delay in provision of the Annual Benefits Statements.

### 3. Background – Statistics and key performance indicators

3.1 The membership profile at 29 February 2016 and 31 August 2016 is shown in the following table.

Category	Feb - 16	Aug - 16
Number of current active members	5,856	6,051
Number of preserved benefits	6,578	6,636
Number of Pensions in payment	5,337	5,460
Number of Spouses/dependants pensions in payment	962	982
Total	18,733	19,129

3.2. Key performance indicators from 1 March 2016 to 31 August 2016:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	31	95%	87.10%	4.58
Retirement benefits	5	135	95%	89.63%	5.02
Pension estimates	10	211	95%	87.68%	7.07
Preserved benefit calculations	15	81	95%	87.65%	10.58
Transfer-in quotation	10	11	95%	81.82%	6.82
Transfer-in actual	10	16	95%	81.25%	4.44
Transfer out actual	12.5	3	95%	66.67%	10.67
Transfer out quotation	15	14	95%	92.86%	10.57
All processes	-	898	-	89.64%	-

3.3 The overall performance is slightly down on the 90.07% for the previous period to 29 February 2016. During the latest period the team have been producing the data required by the Council's Actuary with regard to the Pension Fund Valuation as at 31 March 2016.

3.4 In the 2 year period to 31 August 2016, 106 communications were received thanking Pension Administration staff for their service, including 20 since the previous meeting of the Pensions Board.

3.5 One complaint has been received since the previous meeting of the Pension Board. An Independent Financial Advisor ('IFA') was dissatisfied with a delay in providing relevant data in respect of a deferred beneficiary. An apology was provided and it was explained that pension transfer calculations had to be suspended whilst awaiting new calculation factors from the Government Actuary. The IFA was satisfied with the reply.

3.6 There have been no new Internal Dispute Resolution Procedure (IDRP) cases.

3.7 The Annual Benefit Statements should have been provided to scheme members by the 31<sup>st</sup> August, as now required by The Pensions Regulator. Unfortunately a delay in receipt of relevant data from the Council's Payroll system delayed the work required for the Pension Fund Valuation, and as a consequence it has had a knock-on effect of on the issuing of the Annual Benefits Statements.

3.7.1 In accordance with requirements the Pension Regulator is being notified of the delay. The team is now aiming to issue the statements by the end of October 2016.

## **4. Implications**

### **4.1 Financial Implications**

4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

### **4.2 Legal Implications**

4.2.1 There are no specific legal implications in this report.

### **4.3 Equalities Impact Assessment**

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, an Equality Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

### **4.4 Environmental Implications**

4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

## **5 Conclusion and reasons for recommendations**

5.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance.

**Background papers:**

None

**Final Report Clearance**

Signed by ..... Date .....  
Assistant Chief Executive  
Governance & Human Resources

Received by ..... Date .....  
Head of Scrutiny and Democratic Services

Report author : Steve Rogers  
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Report of: **Governance and Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	21 September 2016		
Delete as appropriate		Non-exempt	

## **SUBJECT: LOCAL GOVERNMENT PENSION SCHEME COMMUNICATIONS STRATEGY**

### **1. Synopsis**

- 1.1 The Local Government Pension Scheme Regulations require administering authorities to prepare and maintain a policy statement for its communication strategy regarding the LGPS.
- 1.2 The Board requested at its meeting of 11 April 2016 for the Pensions Communication Strategy to be submitted for consideration.

### **2. Recommendations**

- 2.1 That the Board gives consideration to the policy set out in Appendix 1.
- 2.2 That a revised policy be put to the next meeting of the Pensions sub-committee for approval.

### **3. Background**

- 3.1 The Pensions Sub-Committee at its meeting of 2 March 2006 approved the existing Communications Policy.
- 3.2. The existing 2006 policy is set out in Appendix 2.
- 3.3 Legislative changes including the HM Revenue & Customs 'lifetime allowance' regarding pensions, and the introduction of 'auto-enrolment' require some amendment to the current strategy.
- 3.4 The opportunity has also been taken of including further details regarding practices developed since the existing policy was drafted and agreed.
- 3.5 A review has been made and a draft revised strategy is attached as Appendix 1.

### **4. Implications**

#### **4.1 Financial Implications**

- 4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

#### **4.2 Legal Implications**

- 4.2.1 There are no specific legal implications in this report.

#### **4.3 Resident Impact Assessment**

- 4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.3.2 In respect of this report, an Equality Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

#### **4.4 Environmental Implications**

- 4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

## 5 Conclusion and reasons for recommendations

5.1 The report has been made at the request of the Board at its meeting on 11 April 2016.

### Background papers:

2006 communication policy

None

### Final Report Clearance

Signed by

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Assistant Chief Executive  
Governance & Human Resources

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Date

Received by

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Head of Scrutiny and Democratic Services

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Date

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## Appendix 1

### Communication policy

The Local Government Pension Scheme Regulations 2013 require each administering authority to prepare, maintain and publish a policy statement setting out its policy on communicating with members, their representatives, prospective members and their employing authorities.

Any change in policy would require the policy statement to be revised and re-published.

The methods of communication will be as follows:

Access to the Pension pages on IZZI and the external website, with updates as required and links to the LGE Pension website.

An Annual General Meeting.

Briefing notes to employers participating in the Pension Fund, on an as and when required basis.

Annual Benefits Statements to current scheme members and those with deferred pensions.

Annual Monitoring of HM Revenues & Customs maxima in respect of the annual growth of individuals LGPS benefits; and notification to those individuals where the limit may be breached.

Every three years from April 2013 the current employees who have opted out of the LGPS are re-enrolled into the scheme, and prior notification is provided to each individual affected.

Notification to be provided to employees who opted out of the LGPS before April 2013 that they will become members of the scheme from October 2017.

Departmental 'roadshows' will be provided on the LGPS, as required.

Pre-Retirement Courses – a session on the LGPS is delivered at these regular events.

Individual counselling: Scheme members, persons in receipt of a Local Government Pension, and former employees with deferred pensions will, on request, be given a private appointment to discuss their pension rights.

Persons in receipt of an LGPS Pension will be notified each April of any inflation proofed increase being applied, together with the payment dates for the next 12 months.

Payment advices will be sent to each pension recipient every March and April, plus in May if an index linked increase occurs. In other months a payment advice will be sent if the net pay differs by more than £2.00 compared to the previous period.

Pension recipients will be sent a P60 statement of earnings by the end of May each year, relating to payments made for the year to 5<sup>th</sup> April.

## Appendix 2

### Communication policy

The Local Government Pension Scheme (Amendment) (No. 2) Regulations 2005 require each administering authority to prepare, maintain and publish a statement by no later than 1 April 2006 setting out its policy on communicating with members, their representatives, prospective members and employers participating in the Pension Fund.

The statement must set out the policy on:

the provision of information and publicity about the Scheme to active members, deferred and pensioner members.

the format, frequency and method of distributing information and publicity.

the promotion of the scheme to prospective members and to other participating employers.

Any change in policy would require the policy statement to be revised and re-published.

*For a number of years the Council has adopted a variety of types of communication, and the requirements of the new regulations are only a platform upon which communications can be expanded. However the requirement to produce a formal policy does constitute a major change in practice.*

The methods of communication will be as follows:

bi-annual newsletters to active members, deferred and pensioner members. *Newsletters are already produced for active members and other employees not currently members of the LGPS.*

alerts on the Intranet regarding changes to the Local Government Pension Scheme Regulations. *This communication method has been utilised previously.*

an Annual General Meeting. *These meetings have been an annual event since the mid 1990's.*

an Annual meeting with Admitted Body employers. *Such meetings have been held for the last three years.*

briefing notes to employers participating in the Pension Fund, on an as and when required basis.

publicity and option to join forms on a periodic basis to non scheme member employees who are eligible to be members of the LGPS. *The last publicity drive to attract extra scheme membership was conducted in Spring 2005.*

The statements on communication policy and governance policy will be published as a joint document.