

London Borough of Islington

Pensions Board - 7 October 2024

Minutes of the meeting of the Pensions Board held in Committee Room 3, Islington Town Hall, Upper Street, N1 2UD on 7 October 2024 at 4.00 pm.

Present: Alan Begg, Mike Calvert, Valerie Easmon-George, Councillor Una O'Halloran, George Sharkey (Chair) and Ian Ship

Councillors: Paul Convery, Satnam Gill OBE and Diarmaid Ward, all observers from the Pensions Committee

George Sharkey in the Chair

125 APOLOGIES FOR ABSENCE (Item A1)

None.

126 DECLARATION OF INTERESTS (Item A2)

None.

127 MINUTES OF THE PREVIOUS MEETING (Item A3)

In response to a question from a member of the Board relating to the last sentence of paragraph 5 of minute 123 viz “..... officers had been asked to give particular consideration to the most effective options for consulting Fund members on the proposal to consolidate, possibly via payslips” and whether this had been done, Councillor Convery stated that officers had been authorised to investigate the most effective options for achieving this, following consultation with himself. There had been a question on the best way to make contact with deferred members, which could take time.

RESOLVED:

That the minutes of the meeting held on 31 July 2024 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

128 TRAINING/CONFERENCES - AN OPPORTUNITY FOR MEMBERS OF THE BOARD TO FEEDBACK ON ATTENDANCE AT ANY PENSIONS' CONFERENCES AND TRAINING OPPORTUNITIES (Item A4)

Ian Ship and Valerie Easmon-George stated that they had participated in the Tri-Borough pensions training session organised by Westminster City Council, at the end of September.

Alan Begg and Valerie Easmon-George undertook to provide details of their attendance at other training activities to the Assistant Director Treasury and Pensions.

Councillor Una O'Halloran reported that she had been booked onto forthcoming pensions training.

129 PENSION ADMINISTRATION PERFORMANCE (Item B1)

RESOLVED:

(a) To note the number of members' auto-enrolled into the LGPS, the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints, the performance data for the administration activities of the Council's Pensions Office, and that there had been no new Internal Audit Investigations in Pensions Administration since the last report, all as detailed in the report of the Corporate Director of Resources, covering the period from 1 May to 31 July 2024.

(b) To note the Scheme Advisory Board news update, as detailed in paragraph 3.6 of the report.

(c) To note the despatch to members of the 2024 Annual Benefit Statements on time.

(d) To note Mercer's September LGPS Current Issues latest update on current issues.

130 RISK REGISTER REVIEW (Item B2)

The Deputy Director of Finance highlighted the risks posed by inflation and noted that this had been taken into account in some of the risks in the Register.

Members of the Board made the following observations:

- that the Register had been made up to June 2024, whereas it was now October 2024, and that information up to the end of September 2024 should have been included. In addition, there was no commentary in the report that risks from June to September 2024 had been reviewed.

The Deputy Director of Finance undertook to ensure that future reports would include the most up-to-date information. He assured the Board that risks were reviewed regularly, in between formal reporting.

- There were no longer any red risks and all risks had a lower scoring
- The use of the word "ongoing" in the target date column, for example at no18, relating to the closure of accounts, when the defined date was 31 December 2024.

The Deputy Director of Finance concurred that the point made about target dates was valid. However, at the time of reviewing the risks in the Register, risks had gone down, which could be attributed to increased staffing levels, the deadlines for issuing for Annual Benefit Statements had been met, inflation was down and employment was up. However, any risks related to the geo-political position, would be made red.

- On failure to apply correct pensions increase, the Deputy Director of Finance reported that there had been a systematic problem with applying the increase. In discussion with the Council's Payroll Team, a change was being considered for next year to avoid this.
- A question was posed as to whether the Pensions website needed to be reviewed/simplified to meet the lack of understanding among scheme members of scheme options. The Deputy Director of Finance said that the Pensions website was being reviewed and that there had been an uptake in pension surgeries over the autumn to assist with this. He noted that the AGM had been well attended, that the Pensions Team were performing well and that pensioners were engaging with the Team.
- In response to a question as to whether there was a risk register policy, with definitions of what was to be included, the Deputy Director of Finance stated that there was currently no policy. Risks were reviewed every quarter, or when needed.
- There seemed to be an issue with annual benefit statements being supplied to former Islington ALMO staff, although final figures were correct. The Pensions Manager pointed out that all pensioners would have been captured up to March 2014 and that any issues related to CARE payment, which had been displayed differently. He hoped that, with the move to self-service facilities, members would be able to access and see their entitlements.

RESOLVED:

That, subject to the observations made above, the contents of the Risk Register be noted.

131

PENSION FUND PERFORMANCE 1 APRIL TO 30 JUNE 2024 (+DECISIONS OF THE PENSIONS COMMITTEE TO BE HELD ON 26 SEPTEMBER 2024)
(Item B3)

Councillor Convery summarised the discussions held at Pensions Committee on 26 September 2024 on investments and outlined the decisions made and the rationale for them. The Fund was currently worth just under £2bn and he was hopeful that it might rise. According to a PIRC comparison of Funds, Islington's Fund was in the upper quartile of the benchmark list.

In the interests of transparency, a suggestion was made that it would be helpful to look at Fund Managers' fees and to look into the strategies employed by the most successful Funds, to ascertain if anything could be learned for Islington's Fund.

Councillor Convery noted that the actuary was half way through the triennial review and that it had been 96% funded at the last review. The current review was estimated to be between 91% and 99% funded, depending on the methodology used. The Fund was performing well.

On the passive equity portfolio restructure, the Pensions Committee had agreed to create a single pooled fund from the two LGIM passive equity funds, mirroring the Paris-aligned strategy. This would allow the Fund to exit their investments from ten

companies who had been listed on the UN's list of businesses involved in activities in the Occupied Palestinian Territory deemed compliant in human rights abuses.

In response to a question about investment in the UK, Councillor Convery said that the Committee had agreed to allocated 2% of the Fund to impact investments, with a further 2% reserved for the future. Officers were working to identify a suitable vehicle for investing in, say, SMEs in north London.

He added that the AGM had been well attended, with some challenging questions from attendees.

132 DRAFT PENSIONS ANNUAL REPORT (Item B4)

The Assistant Director Treasury and Pensions reported that the draft Pensions Annual Report had been considered by the AGM in the previous week. She added that a decision had been made at the Pensions Committee in September that it would be more appropriate for the report to go forward in the name of the "Chair of the Pensions Committee", since the report reflected the work of the Committee, rather than the Board.

Members of the Board suggested that the report should be further proof-checked for grammatical and mis-spelling errors, especially of proper names.

In response to a question, it was noted that the auditors were still auditing the accounts and there had been no feedback to date.

RESOLVED:

To note the contents of the report of the Corporate Director of Resources detailing the 2023/24 pension fund statement of account, activities, governance and performance of the Fund, all as detailed in the draft Annual Report of the Pension Fund.

133 PENSIONS BOARD FORWARD WORK PROGRAMME (Item B5)

Suggestions were made by the Board as follows:

- i) that, for the Board meeting on 10 December 2024, the Risk Register be added to the agenda, updated with figures up to October 2024
- ii) that, for the future, the audited accounts be shared with Board members.

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RESOLVED:

To note Appendix 1 attached to the report of the Corporate Director of Resources, comprising the forward programme of business for the Board.

The meeting ended at 5.05 pm

CHAIR

