



**Resources Department  
Town Hall, Upper Street, London, N1 2UD**

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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, Islington Town Hall, Upper Street, London N1 2UD on **26 November 2018 at 6.00pm.**

**Lesley Seary  
Chief Executive**

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Despatched : 16 November 2018

### Membership

#### Employer representatives:

Maggie Elliott (Vice-Chair)  
Councillor Paul Smith (Chair)  
(vacancy)

#### Scheme member representatives:

Mike Calvert  
Marion Oliver (+ vacancy for substitute)  
George Sharkey

#### Independent member

(vacancy)

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

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<b>A.</b>	<b>Formal matters</b>	<b>Page</b>
1.	Apologies for absence	
2.	Declaration of interests	
	<p>If you have a Disclosable Pecuniary Interest* in an item of business:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.</li> </ul> <p>In both the above cases, you must leave the room without participating in discussion of the item.</p> <p>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.</p> <p>*(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.</p> <p>This applies to all members present at the meeting.</p>	
3.	Minutes of the previous meeting	1 - 4
<b>B.</b>	<b>Non-exempt items</b>	
1.	Pension administration performance	5 - 10
2.	Brexit and the Local Government Pensions Scheme	11 - 14
3.	Pension Board Forward Work Plan 2018/19	15 - 18

**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 25 March 2019

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London Borough of Islington

## **Pensions Board - 12 September 2018**

Minutes of the meeting of the Pensions Board held at Islington Town Hall on 12 September 2018 at 6.00 pm.

**Present:**           **Board members:** Maggie Elliott (Vice-Chair), George Sharkey and Paul Smith (Chair)

**Also present:**       **Councillor:**       Dave Poyser

### **Councillor Paul Smith in the Chair**

The Board noted the resignation of David Bennett, independent member, and Thelma Harvey, the substitute pensioners' representative. Officers were requested to proceed to seek nominations to fill the vacant places as soon as possible.

**46**       **APOLOGIES FOR ABSENCE (Item A1)**  
Received from Marion Oliver and Mike Calvert.

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

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

**RESOLVED:**

That the notes and actions therein of the informal meeting held on 5 March 2018 be approved.

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

(a) That the performance against key performance indicators for the period from 1 February 2018 to 31 July 2018, including statistics regarding the internal dispute resolution procedure, complaints and compliments and the number of members auto-enrolled into the Local Government Pensions Scheme during the period from February to July 2018, as detailed in the report of the Corporate Director of Resources, be noted.

(b) That the implementation of a revised risk register for pensions, in line with the Code of Practice set out by the Pensions Regulator and detailed in Appendix 1 of the report, be noted.

(c) That the Pensions Team provide information to pensioners on the effect of commutation of pension on benefits.

(d) That it be noted that the Pensions Team would report back to the Board in March 2019 with qualitative information on performance indicators.

(e) That, as part of the Board's communications to Fund members, the death grant provisions be publicised.

(f) That it be noted that comments on the Risk Register would be relayed to the Deputy Pensions Manager separately, by Board members.

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**DRAFT 2017/18 ANNUAL PENSION FUND REPORT (Item B2)**

**RESOLVED:**

(a) That the following points made during discussion be noted and taken on board as appropriate:

- The report to be made generally more positive
- The inclusion of the Pension Fund statement of accounts was welcomed
- Reference to Islington's performance should appear first in the Investment report at paragraph 1
- Page 22 - Include the words "Islington's Fund performed well on absolute returns and the Fund's carbon footprint was reduced by 45%....." before the words "The Fund's performance has been disappointing....."
- The usefulness of the graph on page 22 was queried
- Paragraph 2 – "Pooling" – some text needed to be edited. A suggestion was made that some of the text be replaced with three statements about the purpose and benefits of participating in the London CIV
- Page 40 – The names of some of the Scheduled Bodies were incorrect (Maggie Elliott to advise on correct names)

(b) That the draft Pension Fund Annual Report, attached as Appendix 1 to the report of the Corporate Director of Finance, be approved, subject to the above points being taken on board as appropriate.

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**OTHER BUSINESS**

Members of the Board discussed matters raised by a Board member relating to a wider role for Board members including a review of policy documentation, scheme booklets, key staff communications and announcements, data, cybersecurity, and frequency of meetings.

Members also discussed the importance of attracting new members to the Scheme and the need for Human Resources to advise new entrants to the Council of why they were auto-enrolled and the benefits of the Council's Pension Scheme.

The following points were made during discussion:

- Advice on accessing the death grant form had proved difficult for some Scheme members
- It would be useful for a roadshow on pensions
- Members of the Board should review dispute resolution policies to ensure that they were fit for purpose

**RESOLVED:**

(a) That a report be presented to the next meeting on how to effect change by providing good communications to attract new entrants to the Council to the Pension Scheme, including the need for auto-enrolment and benefits.

(b) That a report be presented to the next meeting on the process for filling the three vacancies on the Board.

(c) That a Forward Plan of business be produced for each meeting, setting out the proposed business for forthcoming meetings

(d) That there be four meetings of the Board each year, with meetings on the same evenings as Pensions Sub-Committee, commencing on 26 November 2018.

**Pensions Board - 12 September 2018**

The meeting ended at 7.15 pm

**CHAIR**

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Report of: **Corporate Director of Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	26 November 2018		

Delete as appropriate		Non-exempt	
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## **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 August 2018 to 31 October 2018.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, and compliments and complaints.
- 1.3 There is information provided on the number of Local Government Pension Scheme (LGPS) members auto-enrolled into the scheme, for each month from August 2018 to October 2018.

### **2. Recommendations**

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the number and age profile of Islington employees who are not members of the LGPS, together with details of the Islington employees who auto-enrolled into the Local Government Pension Scheme during the relevant period.
- 2.3 To note the information in respect of the Internal Dispute Resolution Procedure, and compliments & complaints.
- 2.4 To note the nomination for Retired Members Representative closed on 5<sup>th</sup> November and the single applicant has been contacted.

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

3.1 The membership profile at 31 July 2018 and 31 October 2018 is shown in the following table.

Category	Jul - 18	Oct - 18
Number of current active members	6,183	6,172
Number of preserved benefits	6,763	6,772
Number of Pensions in payment	5,836	5,911
Number of Spouses/dependants pensions in payment	1,073	1,069
Total	19,855	19,924

3.2. Key performance indicators from 1 August 2018 to 31 October 2018:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	24	95%	95.83%	3.67
Retirement benefits	5	62	95%	95.16%	4.76
Pension estimates	10	104	95%	98.08%	4.61
Preserved benefit calculations	15	23	95%	95.65%	13.65
Transfer-in quotation	10	5	95%	80.00%	9.60
Transfer-in actual	10	2	95%	100.00%	3.50
Transfer out actual	12.5	17	95%	94.12%	3.30
Transfer out quotation	15	13	95%	100.00%	2.60
All processes	-	423	-	94.09%	-

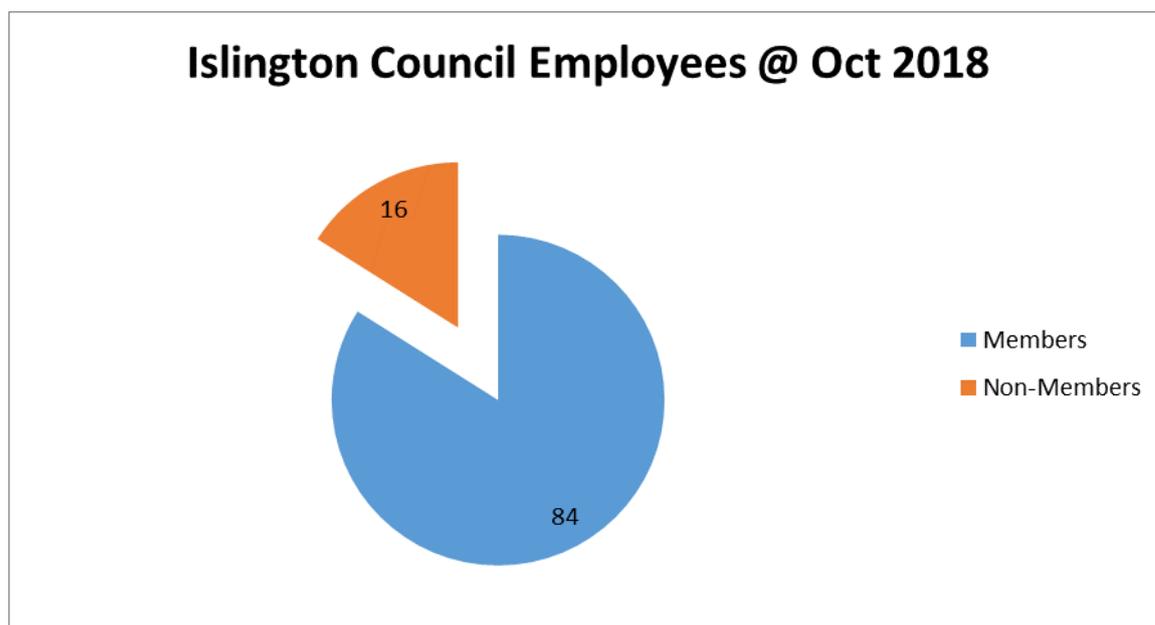
3.3 The overall performance shows an improvement on the 93.28% for the previous period to 31 July 2018.

3.4 Number of scheme members auto-enrolled into the LGPS from August 2018 to October 2018:

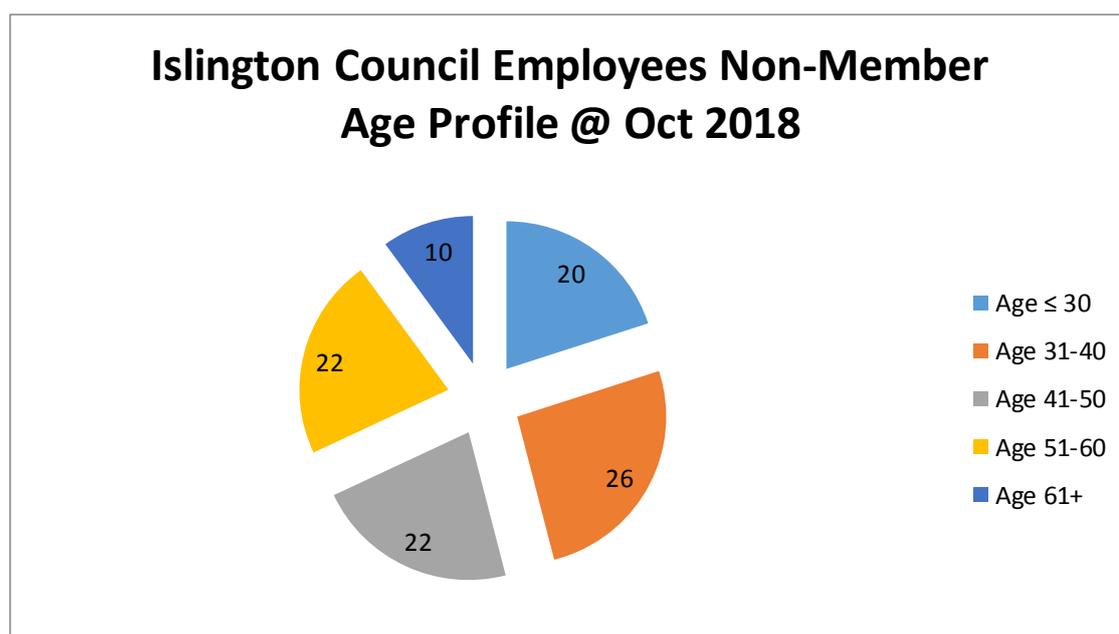
Month	No. of new entrants
August 2018	59
September 2018	146
October 2018	92
Total	297

3.5 Since the September 2018 meeting of the board 4 communications have been received thanking Pension Administration staff for their service.

3.6 Set out in the pie chart below is the percentage of Islington employees who are members alongside non-members of the LGPS:



3.7 The age profile of Islington Council employees who are non-members of the LGPS is as follows:



3.8 In terms of total numbers, Islington Council as at 31<sup>st</sup> October 2018 employed 6719 members of staff (excluding teachers and public health officers) of which 1080 were not members of the LGPS.

- 3.9 Islington Council like other public bodies will be undertaking the auto re-enrolment exercise early next year to target employees who are not in the Pension Scheme. Our communication strategy need to be reviewed and updated to encompass all channels and means of communication that we have access to, including an online advertising campaign, pension workshops with staff, concise and relevant information on the corporate website, meetings with key actors like the trade unions, senior managers and other stakeholders. It is imperative that we communicate effectively the affordability; portability and attractiveness of the LGPS, emphasising the many benefits of being a member of the LGPS prior to the formal process of auto-re-enrolment.
- 3.10. There have been no complaints during the period and there are no Internal Disputes to report.
- 3.11. Vacancy of Board Representatives**  
Members were notified of the passing of one of our joint pensioner representative at the September meeting. As this representative is also appointed to the Board, a vacancy has also arisen on the Pension Board. Following a canvass of all our current pensioners, we received one nomination before the deadline of 5<sup>th</sup> November. Officers are contacting the nominee to confirm she will accept the position after which, in accordance with the Board's Constitution, a recommendation will be made to the Council's Audit Committee seeking confirmation of the appointment.
- 3.11.1 There are two more vacancies on the Board that need to be filled, an employer and independent representatives. As these roles are voluntary, officers will canvass existing employers of the Fund for any volunteers. Any nominees will then be appointed by the Audit committee in time for the next Board meeting in March 2019.

## **4. Implication**

### **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, a Resident 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

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Report of: **Director of Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	26 November 2018		
Delete as appropriate		Non-exempt	

## SUBJECT: BREXIT & THE LGPS

### 1. Synopsis

- 1.1 This brief report provides the Board with information on Brexit and the implications for the Local Government Pension Scheme Administration.

### 2. Recommendations

- 2.1 To note that there is no immediate change to the LGPS as a result of Brexit, however any downturn in the wider economy may have an impact on government future decisions in relation to the LGPS.
- 2.2 To note that any downturn or volatility as a result of Brexit may impact Islington Council's Pension Fund, however this risk is mitigated by the Fund's diversification of investments over a range of different asset classes and foreign markets.
- 2.3 To note that no pre-emptive actions can be taken by Islington Council Pensions Administration in relation to Brexit.
- 2.4 To note that work is underway to assess the impact of EU citizens working for Islington and the process for these employees applying for settled status.

### **3. Brexit & LGPS**

- 3.1 UK Law already incorporates a majority of EU legislation which impacts directly or indirectly on the LGPS. The Scheme will continue to comply with such laws until any change from a future post-Brexit UK government.
- 3.2 The payment of pensions to pensioners living in Europe is made a number of ways, including: by sterling cheque, by bacs to a UK Bank or through our third party operator Equiniti (using CitiBank). The payments made via Equiniti are converted from pounds sterling into the currency of the European country in which the pensioner resides before it is credited to their bank account. There is the risk that Equiniti may decide to raise their costs as a result of any additional charges they incur operating in Europe as a consequence of Brexit.
- 3.3 There is the question of the impact on the Pension Fund of EU citizens who are currently working for Islington Council who decide not to apply for settled status and return home. It is not possible at this stage to determine exact numbers because of the many variables and the fact that this type of personal data is not captured currently by Human Resources. The likely outcome is that the numbers are low and would not have a material impact on the Pension Fund.
- 3.4 A regulatory issue that may be of concern in relation to Brexit is the treatment of former scheme members who live in European Economic Area and have an AVC linked with their LGPS benefits. These members can currently purchase an annuity from any provider. 'Passporting rights' is the instrument used by UK Financial Services providers to enable them to pay policies to such members. Government is still consulting on this and at this stage it is unknown whether these rights will survive Brexit and what type of arrangement will be put in its place.

### **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, a Resident 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 To advise Members of the current issues in relation to Brexit.

#### **Background papers:**

None,

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Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Board Committee	26 November 2018		n/a
Delete as appropriate		Non-exempt	

## SUBJECT: PENSIONS BOARD COMMITTEE 2018/19– FORWARD WORK PLAN

### 1. Synopsis

- 1.1 The Appendix to this report provides information for Members of the Board on agenda items for forthcoming meetings and training topics where required.

### 2. Recommendation

- 2.1 To consider and note Appendix A attached.

### 3. Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (“ the Governance Regulations) provide that Pensions Board will have responsibility for assisting the ‘scheme manager’ (the Pensions Sub Committee in Islington’s case) in relation to the following matters:  
To ensure compliance with:
- the Local Government Pension Scheme Regulation (LGPS),
  - other legislation relating to the governance and administration of the LGPS, and
  - the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.
- 3.3 The Pensions Sub- committee is the decision making body of the Fund and the Pension board can only advise or make recommendations to the Pensions -Sub Committee  
The Pension Board should therefore be mindful;

- Its work plan should take account of the Fund's own work programme and seek to add value
- Servicing the Pension board will consume Fund management resources and time
- Senior Fund officers servicing the pension Board may on some fund performance issues be personally compromised and conflicted
- Some work items required may need the use of specialist external consultancy resources rather than using the officers servicing the Fund.

3.1 Based on the LGPS and The Pension Regulator's guidance on the role of the pension boards, the focus should include the following:

- a) Its own training, knowledge and understanding
- b) Avoiding any conflicts of interest
- c) Ensuring its own statutory compliance
- d) Checking fund governance
- e) Reviewing fund risks and internal systems and controls
- f) Checking fund external advisors/service providers and their internal controls
- g) Reviewing fund member record keeping
- h) Checking fund contributions
- i) Reviewing fund administration
- j) Benchmarking fund performance and Value for Money (VFM)
- k) Fraud prevention
- l) Employer and member communications
- m) Complaints and dispute resolution
- n) Reporting regulatory breaches

3.2 The Pension Board must also consider its Annual Report and the review of Pension Fund's draft Annual Report and audited accounts and triennial actuarial review.

3.3 Members need to consider their priorities for the next 6 months and use that to formulate their agenda for forthcoming meetings. The draft plan attached as Appendix A is a guide for members to discuss and amend.

3.4. The Forward Plan will be updated as necessary at each meeting, to reflect any changes in administration policy, new regulation and pension fund priorities after discussions with Members

## **4. Implications**

### **Financial implications**

4.1 Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

### **Legal Implications**

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015. The board must comply with the requirements of the relevant Legislation.

### **Environmental Implications**

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary.

**4..4 Resident Impact Assessment**

None applicable to this report. 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

**5 Conclusion and reasons for recommendation**

5.1 To advise Members of forthcoming items of business to the Pension Board-Committee and training topics

**Background papers:**

None

Final report clearance:

**Signed by:**

**Received by:** Corporate Director of Resources Date

Head of Democratic Services Date

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## **APPENDIX A**

### **Pensions Board-Committee Forward Plan for November 2018 to October 2019**

Date of meeting	Reports
	Please note: there will be a standing item to each meeting on: <ul style="list-style-type: none"><li>• Admin Performance report</li><li>• Forward work plan</li></ul>
26 November	Forward work plan Brexit impact on pensions
25 March 2019	Assess members training, skills and knowledge
June 2019	Draft Accounts
September	Annual pension report
October	AGM

#### Proposed Training committee meetings

November 2018- pension sub cttee meeting	Training Actuarial Review update