

London Borough of Islington

Pensions Board - 17 June 2019

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, N1 2UD, on 17 June 2019 at 6.00 pm.

Present: Alan Begg, Valerie Easmon-George, Maggie Elliott (Vice-Chair), George Sharkey and Councillor Paul Smith (Chair)

Councillor Paul Smith in the Chair

65 APOLOGIES FOR ABSENCE (Item A1)

None received.

66 DECLARATION OF INTERESTS (Item A2)

None.

67 MINUTES OF THE PREVIOUS MEETING (Item A3)

RESOLVED:

That the minutes of the meeting held on 25 March 2019 be confirmed as a correct record and the Chair be authorised to sign them.

68 MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS OF ISLINGTON PENSION BOARD 2019/20 (Item A4)

RESOLVED:

(a) That the membership of the Pensions Sub-Committee, appointed by the Audit Committee on 3 June 2019, its terms of reference and dates of meetings for the municipal year 2019/20, as set out at Appendix A to the report of the Director of Financial Management and S151 Officer, be noted.

(b) That the membership of the Pensions Board, appointed by the Audit Committee on 3 June 2019, its terms of reference and dates of meetings for the municipal year 2019/20, also as set out at Appendix A to the report of the Director of Financial Management and S151 Officer, be noted.

69 PENSION ADMINISTRATION PERFORMANCE (Item B1)

Members discussed the effectiveness of the campaign by the Pensions Team to encourage staff not currently in the Pensions Scheme to enrol, noting that 122 staff had been auto-enrolled during the period from February to April 2019. The Deputy Pensions Team Manager noted that 84% of eligible employees were currently members of the Pensions Scheme. With a view to encouraging the remaining 16% to join, members requested further general information on: which staff were enrolled in the Scheme and whether they remained in the Scheme: what difference

the recent campaign had made to encourage new members to the Scheme: a breakdown of the 16% of staff not currently in the Scheme, including the Council Service they worked in and their salary bands.

RESOLVED:

(a) That the performance of the Pension Administration Team against key indicators, for the period from 1 March to 30 April 2019, including information on complaints and internal disputes, as detailed in the report of the Interim Corporate Director of Resources, be noted.

(b) That the number of members auto-enrolled into the Local Government Pension Scheme from February to April 2019, as detailed in paragraph 3.4 of the report, be noted

(c) That it be noted that the Prudential had closed a number of AVC funds which had affected 11 members of the Pension Scheme and that advice had been sought from the Council's actuaries in relation to the new funds, which would be communicated to those Pension Scheme members.

(d) That the Deputy Pensions Manager provide further general information to the Board on:

- Staff enrolled in the Scheme and their reasons for withdrawing (if known)
- The impact of the recent campaign to encourage new members to the Scheme
- A breakdown of the 16% of staff not currently in the Scheme, including the Council Service they worked in and their salary bands (to ascertain whether it was staff in certain bands of pay who were coming out of the Scheme).

70

LGPS CONSULTATION ON CHANGES TO VALUATION CYCLE AND MANAGEMENT OF EMPLOYER RISK (Item B2)

The Head of the Pension Fund and Treasury Management introduced her report which attached a policy consultation document from the Ministry of Housing, Communities and Local Government, proposing changes to the local fund valuation cycle and management of employer risk.

Members understood that moving the LGPS local fund valuations to quadrennial cycles would deliver greater stability in employer contribution rates and reduce costs. However, they were concerned about impacts on members of the Scheme and potential risks to employer contribution rates, as longer valuation periods could lead to reduced monitoring of key costs and risks.

A Board members queried whether the Government's legislation for a cap of £95,000 on exit payments in the public sector was related to this in any way.

RESOLVED:

(a) That no response to the consultation be sent at this stage.

(b) That the Head of the Pension Fund and Treasury Management seek copies of other responses which may be available and that these be circulated by email to members of the Board.

71 DRAFT 2018/19 PENSION FUND STATEMENT OF ACCOUNTS (Item B3)

The Head of the Pension Fund and Treasury Management introduced her report which provided an opportunity for the Board to review the draft Pension Fund accounts for 2018/19, before they were audited by the Council's external auditor.

She noted that net assets had risen by 5.3% to £1,337m, as had employees' and employers' contributions compared to the previous year. Pensions payments had also risen and investment income had been called on to meet the extra expenditure.

Alan Begg, independent member on the Board suggested the following:

(a) Fund Account, title row, right hand column should read "year end to 31 March 2019", rather than "2018/19"

(b) a possible discrepancy in paragraph 9 (Investments) – with Equities values shown as 168,092 and "Total Equities" line, shown as 162,196. The total of 1,201,497 appeared to include 5,176 (- the difference between 168,092 and 162,196)

RESOLVED:

That, subject to the points raised above at (a) and (b), the draft Pension Fund accounts attached as Appendix 1 to the report of the Interim Corporate Director of Resources, be approved, in advance of being audited by the Council's auditor.

72 FORWARD PLAN OF BUSINESS (Item B4)

RESOLVED:

(a) That it be noted that there would be training from the Actuary on the actuarial valuation at the meeting on 10 September 2019.

(b) That the contents of Appendix A to the report of the Interim Corporate Director of Resources, detailing proposed agenda items for future meetings, be agreed.

73 ALAN LAYTON, DIRECTOR OF FINANCIAL MANAGEMENT AND S151 OFFICER (Item)

The Chair noted that this would be the last attendance of Alan Layton at the Pensions Board, prior to his retirement in July 2019. On behalf of the Board, he thanked Alan Layton for his valuable services to the Board and wished him well for the future.

RESOLVED:

Accordingly.

The meeting 6.45pm.

CHAIR