



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

AGENDA FOR THE PENSIONS BOARD

Members of the Pensions Board are summoned to attend a meeting which will be held in Committee Room 4, Islington Town Hall, Upper Street, N1 2UD, on **10 September 2019 at 6.00pm.**

Enquiries to : Mary Green
Telephone : (020) 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 2 September 2019

Membership

Employer representatives:
Maggie Elliott (Vice-Chair)
Councillor Paul Smith (Chair)
(vacancy)

Scheme member representatives:
Mike Calvert
Valerie Easmon-George(+ vacancy for substitute)
George Sharkey

Independent member
Alan Begg

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

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A. Formal matters

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 - 10
2. Draft Pension Annual Report 2018/19 (to follow)
3. Forward Plan 11 - 16

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 3 December 2019

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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

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Report of: Director of Corporate Resources

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	10 September 2019		

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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. The information is in respect of the period from 1 May 2019 to 31 July 2019.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.
- 1.3 There is information provided on the number of Local Government Pension Scheme members auto-enrolled into the scheme, for each month from May 2019 to July 2019.

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, compliments and complaints.
- 2.4 To note the number of members' auto-enrolled into the Local Government Pension Scheme during the relevant period.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 30 April 2019 and 31 July 2019 is shown in the following table.

Category	Apr - 19	Jul - 19
Number of current active members	6,294	6,356
Number of preserved benefits	7,463	8,089
Number of Pensions in payment	6,045	6,118
Number of Spouses/dependants pensions in payment	1,090	1,041
Total	20,892	21,604

3.2. Key performance indicators from 1 May 2019 to 31 July 2019:

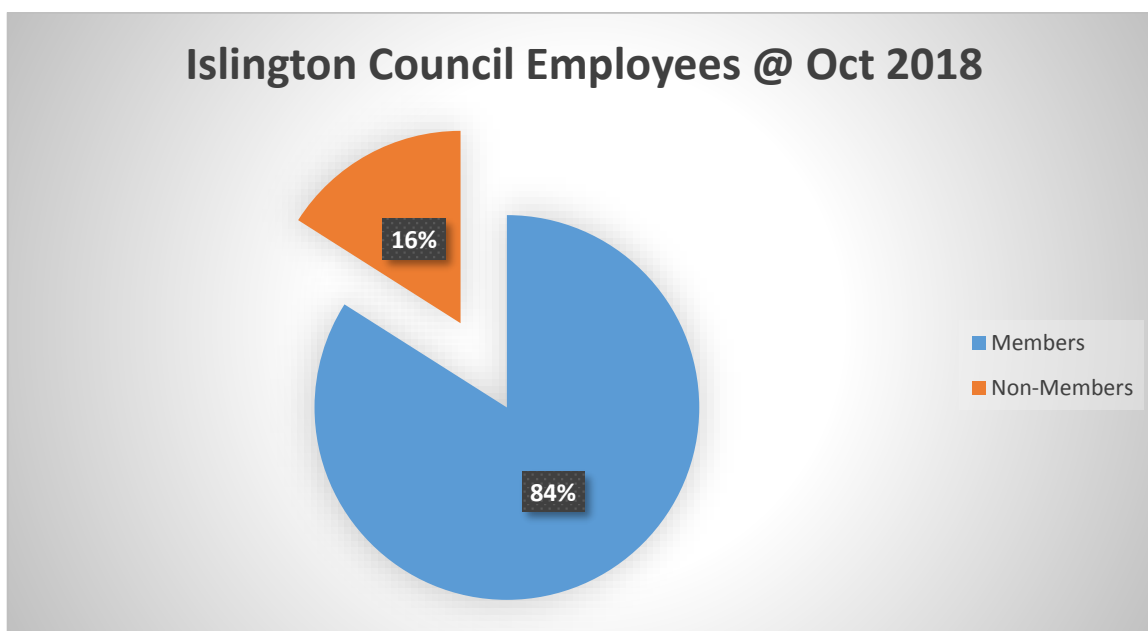
Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	6	95%	100.00%	4.25
Retirement benefits	5	53	95%	88.48%	6.27
Pension estimates	10	67	95%	74.63%	14.30
Preserved benefit calculations	15	19	95%	92.00%	17.40
Transfer-in quotation	10	0	95%	00.00%	0.00
Transfer-in actual	10	8	95%	100.00%	9.60
Transfer out actual	12.5	5	95%	96.21%	12.09
Transfer out quotation	15	14	95%	100.00%	12.63
Legacy Cases - Valuation	-	607	-	-	-
All processes	-	779		85.33%	

3.3 The overall performance has slipped markedly from the 94.86% achievement of processes completed within the target days as at the end of April 2019. This can be explained by the resources diverted to the work which needed to be done in relation to the Pension Fund Valuation. We achieved a significant increase in cases processed from 214 at the end of April 2019 to 779 at the end of July 2019.

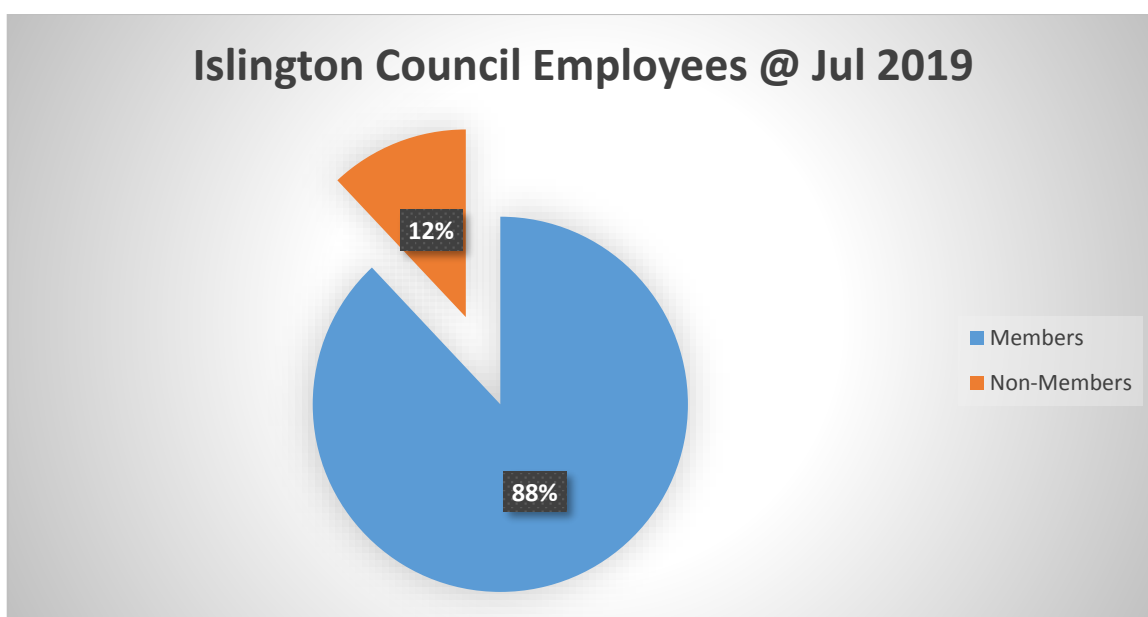
3.4 Number of members auto-enrolled into the LGPS from February to July 2019:

Month	Starters No.	Opt Outs	Opt Out %
February	42	7	16.67
March	43	6	13.95
April	79	22	27.85
May	62	2	3.23
June	37	6	16.22
July	63	3	4.76
Total	326	46	14.11

3.5 The pie charts below detail the percentage of Islington employees who are members alongside non-members of the LGPS at Oct 2018 and July 2019 respectively:



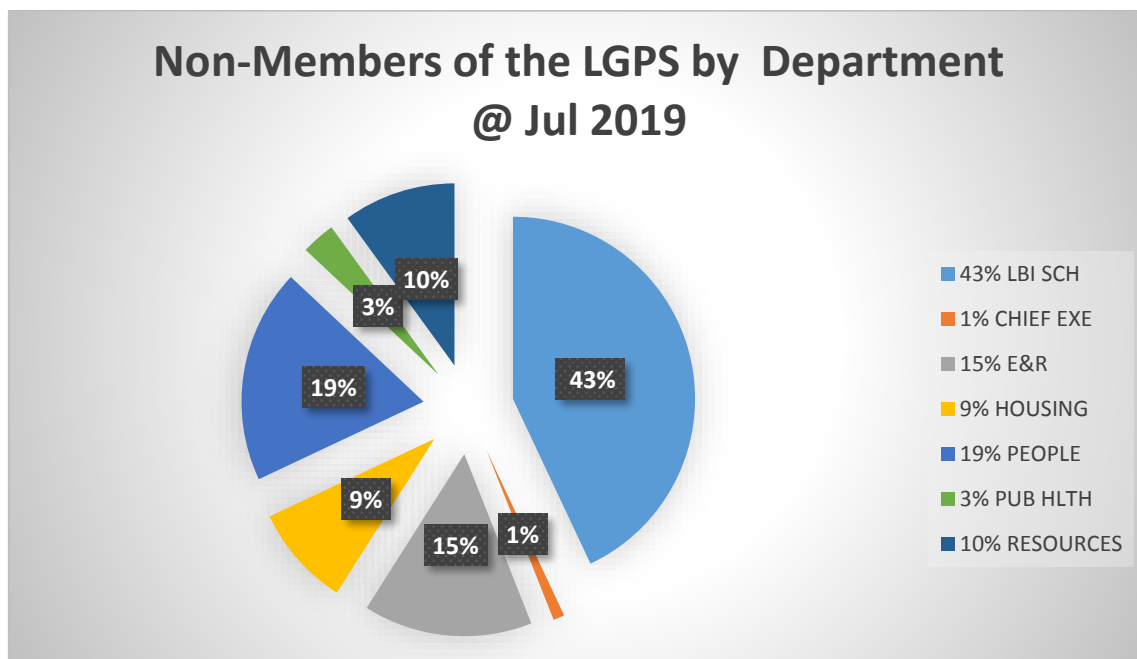
3.6 Current Membership following auto-enrolment exercise in March 2019



3.7 In terms of total numbers, Islington Council as at 31st October 2018 employed 6719 members of staff (excluding teachers and public health officers) of which 1080 were not members of the LGPS. As at 31st July 2019 Islington Council employed 6648 members of staff (excluding teachers and public health officers) of which 813 were not members of the LGPS.

3.8 The 813 non members of the LGPS are split between central LBI and LBI Schools. 57% of non members work for central LBI with a further 43% working for LBI Schools.

3.9 The pie chart below provides a breakdown of Islington Council employees who are non-members of the LGPS by department:



3.9 Since the June 2019 meeting of the board 6 communications have been received thanking Pension Administration staff for their service.

3.9.1 There have been 2 complaints during the period.

3.9.2 There are no Internal Disputes to report.

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 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: Interim Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Board	10 September 2019		n/a

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SUBJECT: PENSIONS BOARD 2019/20– 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 as per its work programme objectives.

2. Recommendation

- 2.1 To consider and note Appendix A attached
- 2.2 To amend the forward plan where there is change in priorities
- 2.3 To note to the latest LGA briefing on LGPS Community

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 agreed a work programme at the March meeting and this will be reviewed annually for progress and amendment if required. The objectives are as follows:

- To ensure accurate record keeping, data quality and improvements
- To ensure Governance Compliance Statement sets out delegation, function and structure
- To ensure Fund has the appropriate policies in place to safeguard the Fund's assets through appropriate methods of risk management
- To ensure members have the necessary skills knowledge and understanding
- The General Data Protection Regulation (GDRP is upheld

- To ensure the effective and efficient governance and administration of the Scheme
- That the Pension board are able to make recommendations on Statutory and non-statutory policies and strategies
- Self-Assessment review of the effectiveness of the Board

3.4 Members need to consider their priorities for the next 12 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. It 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.

3.5 The local government association LGA recently published a briefing paper on LGPS community. The purpose of this document is to explain the relationship between the different bodies that make up the Local Government Pension Scheme (LGPS) community. It is for information and does not cover role and responsibilities but highlights the bodies and associations. The link to the full document is below:
http://lgpslibrary.org/assets/gas/uk/LGPScomm_v1.pdf

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 and training topics,

Background papers:

None

Final report clearance:

Signed by:

Corporate Director of Resources

Date

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APPENDIX A**Pensions Board Forward Plan for June 2019 to March 2020**

Date of meeting	Work programme objective	Reports
	To ensure the effective and efficient governance and administration of the Scheme	<u>Please note:</u> there will be a standing item to each meeting on: <ul style="list-style-type: none">• Admin Performance report• Forward work plan
10 September 2019		Annual pension report
7 October 2019		AGM Fund Carbon Emissions report.
3 December 2019		Draft funding strategy statement consultation- employers
24 March 2020		Annual cashflow projection 20/21 Pension admin budget-20/21

Proposed Training on committee meeting dates

November 2018- pension sub cttee meeting	Training Actuarial Review update
September 2019 joint pension sub and board training	Funding strategy and actuarial valuation

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