

# Public Document Pack



**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 1, Islington Town Hall, Upper Street, N1 2UD, on **24 March 2020 at 6.00pm**.

Enquiries to : Mary Green  
Telephone : (020) 7527 3005  
E-mail : [democracy@islington.gov.uk](mailto:democracy@islington.gov.uk)  
Despatched : 16 March 2020

### 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

## **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 - 16

2. Draft Funding Strategy Statement for employer consultation results (to follow)

3. Pension administration cashflow and budget 2021

17 - 24

4.	Pension administration - AVC	25 - 28
5.	Forward Plan of business	29 - 34

**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****

1.	Forward Plan - exempt appendix	35 - 44
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**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 22 June 2020

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# Agenda Item A3

London Borough of Islington

## Pensions Board - 3 December 2019

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, N1 2UD on 3 December 2019 at 6.00 pm.

**Present:** Councillor Paul Smith (Chair). Alan Begg and Valerie Easmon-George

Councillor Paul Convery (observer)

### Councillor Paul Smith in the Chair

#### 80 **APOLOGIES FOR ABSENCE (Item A1)**

Received from Maggie Elliott and George Sharkey.

#### 81 **DECLARATION OF INTERESTS (Item A2)**

None.

#### 82 **MINUTES OF THE PREVIOUS MEETING (Item A3)**

##### **RESOLVED:**

That the minutes of the meeting held on 10 September 2019 be confirmed as a correct record and the Chair be authorised to sign them.

#### 83 **PENSION ADMINISTRATION PERFORMANCE (Item B1)**

The Deputy Pensions Manager advised the Board that it had not been possible for the Council's Payroll and Analytics Teams to provide accurate figures on the numbers of part-time and full-time staff who were not enrolled in the LGPS, by salary band. He had therefore commissioned a consultant to carry out this piece of work and produce a report for the Board's consideration in March 2020.

The Board were keen to make the Scheme more attractive to staff and suggested to the Deputy Pensions Manager that, as a starting point, it would be useful to seek the views of staff who had opted out of the Scheme and to ascertain their reasons for doing so.

The Deputy Pensions Manager reported that, although discussions with the Council's Communications staff regarding a redesign of the Pensions web pages to make them more accessible and user-friendly had not been as positive as hoped, he would explore this matter further. Board members expressed their concern at the lack of progress on the redesign of the Pensions web pages and expressed a wish to see the redesign take place as swiftly as possible.

**RESOLVED:**

- (a) That the performance of the Pensions Administration Team against key indicators, for the period from 1 August to 31 October 2019, including information on complaints and internal disputes, as detailed in the report of the Corporate Director of Resources, be noted.
- (b) That the deferment of the report detailing the numbers, department and salary profile of Islington employees who are not members of the LGPS, until March 2020, be noted.
- (c) That the number of members auto-enrolled into the Local Government Pension Scheme from August to October 2019, as detailed in paragraph 3.5 of the report, be noted.
- (d) That the Sub-Committee's concern at the lack of progress on implementing changes to the Pensions web pages to make them more accessible and user-friendly to staff and the Deputy Pensions Manager's undertaking to pursue the matter further with the Communications Team be noted.
- (e) That Pensions Sub-Committee be recommended to agree an amendment to regulation 40, 43 and 46 of the LGPS to authorise the Chief Executive, the Head of Treasury Management and Pension Fund, the Chief Accountant and the Service Director Finance, to sign death grant payments, on those occasions when the Director of Finance and Property was not available.

84

**2019 ACTUARIAL VALUATION - DRAFT FUNDING STRATEGY STATEMENT (Item B2)**

In response to a question by a Board member about the number of employers and employees admitted into the Scheme, the Head of the Pension Fund and Treasury Management undertook to provide a response.

**RESOLVED:**

- (a) That the summary of the main updates in the draft Funding Strategy Statement, detailed in the report of the Corporate Director of Resources, and the fact that employers are to be consulted on its contents between December 2019 and January 2020, be noted.
- (b) That officers update the Funding Strategy Statement, in consultation with the Fund Actuary, for consultation with employers admitted into the Islington Fund.

85

**FORWARD PLAN (Item B3)**

**RESOLVED:**

- (a) That it be noted that, in addition to the items scheduled for the Board meeting in March 2020, the revised Funding Strategy Statement and a report on the Actuarial Valuation would also be submitted.
- (b) That it also be noted that a report on AVCs would be submitted to the March meeting of the Board.

**Pensions Board - 3 December 2019**

(c) That the contents of Appendix A to the report of the Interim Corporate Director of Resources, detailing proposed agenda items for future meetings, be approved, in addition to the additional items in resolutions (a) and (b) above.

The meeting ended at 6.45 pm

**CHAIR**

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# Agenda Item B1



ISLINGTON

Resources Department  
7 Newington Barrow Way  
London, N7 7EP

**Report of: Interim Section 151 Officer**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	24 March 2020		
<b>Delete as appropriate</b>	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. The information is in respect of the period from 1 November 2019 to 31 January 2020 and includes the number of LGPS members auto-enrolled into the scheme for this period.
- 1.2 The report provides a mock-up of the proposed revamped Pension pages on Islington Council's website and document information for inclusion attached as Appendix 1.
- 1.3 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.

### 2. Recommendations

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the number of members' auto-enrolled into the Local Government Pension Scheme during the relevant period.
- 2.3 To note the numbers, department and salary profile of Islington employees who are not members of the LGPS as at January 2020.
- 2.4 To consider and agree the proposals for future inclusion of information available to staff on the Pensions page of Islington Council's website attached as Appendix 1

- 2.5 To note the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints.

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

- 3.1 The membership profile at 31 October 2019 and 31 January 2020 is shown in the following table.

Category	Oct - 19	Jan - 20
Number of current active members	6,508	6,481
Number of preserved benefits	8,034	8,215
Number of Pensions in payment	6,205	5,864
Number of Spouses/dependants pensions in payment	1,047	966
Total	21,794	21,526

- 3.2 Key performance indicators from 1 November 2019 to 31 January 2020:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	35	95%	92.04%	5.62
Retirement benefits	5	88	95%	86.29%	7.85
Pension estimates	10	48	95%	78.33%	14.90
Preserved benefit calculations	15	38	95%	84.19%	17.25
Transfer-in quotation	10	24	95%	100.00%	9.10
Transfer-in actual	10	24	95%	100.00%	8.60
Transfer out actual	12.5	33	95%	96.10%	12.80
Transfer out quotation	15	33	95%	95.00%	17.16
Legacy Cases - Valuation	=		=	=	=
All processes	=	323		87.50%	

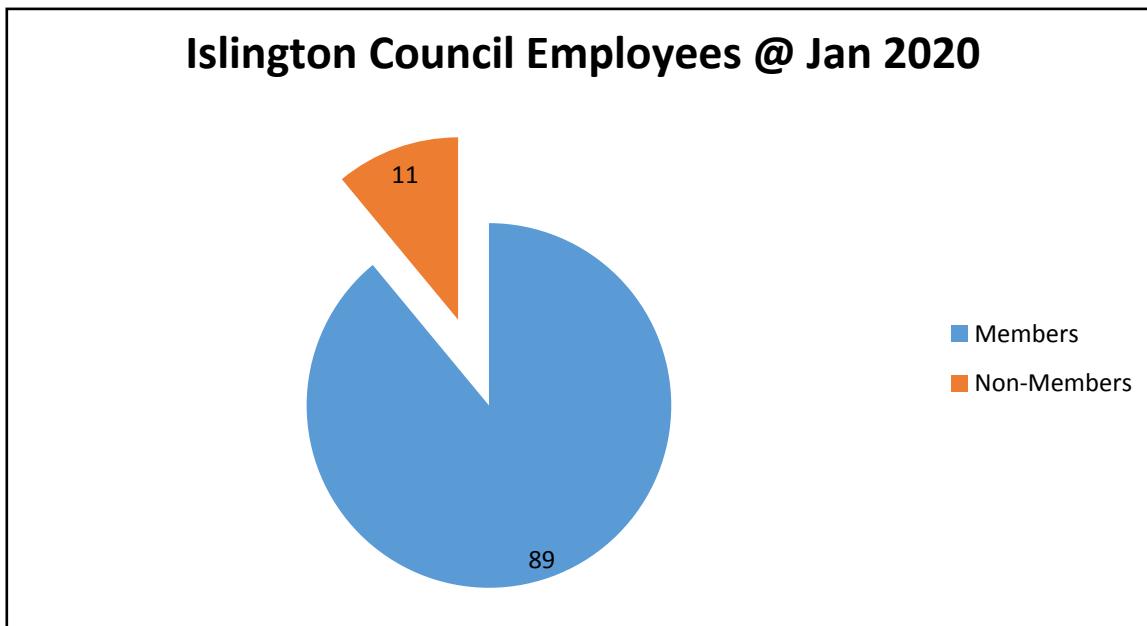
- 3.3 There has been a 5% overall performance improvement from the 82.10% achievement of processes completed within the target days as at the end of October 2019.

- 3.4 Number of members auto-enrolled into the LGPS from November to January 2020:

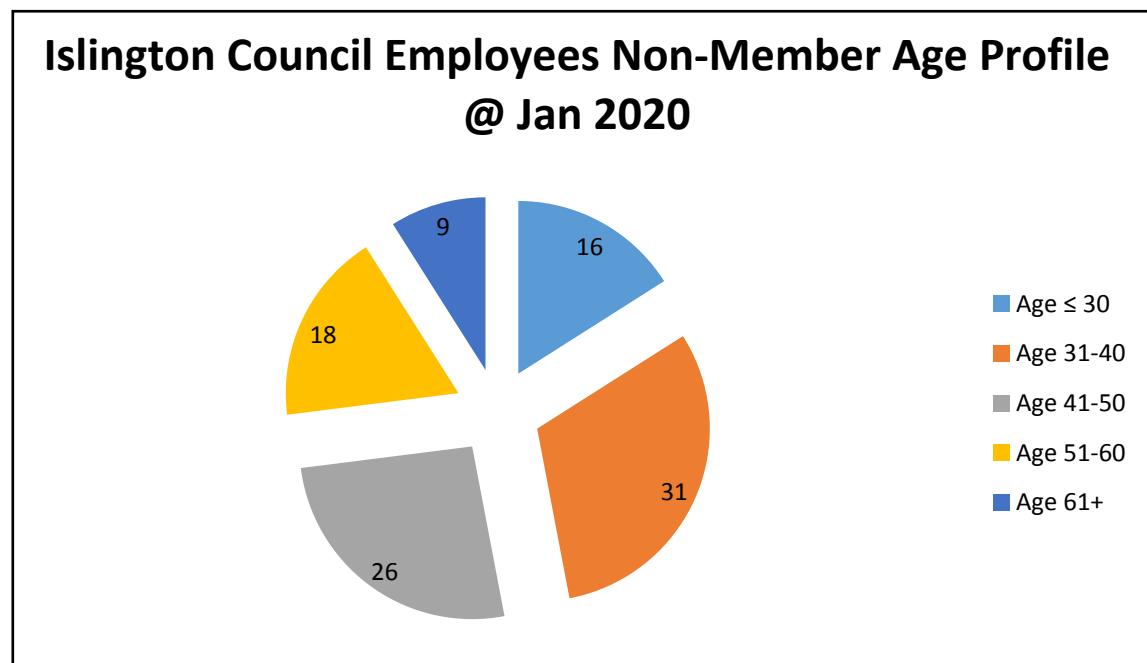
Month	Starters No.	Opt Outs	Opt Out %
November	77	4	5.19
December	42	4	9.52
January	40	2	5.00
Total	159	10	6.29

## **Non Members of LGPS Profile**

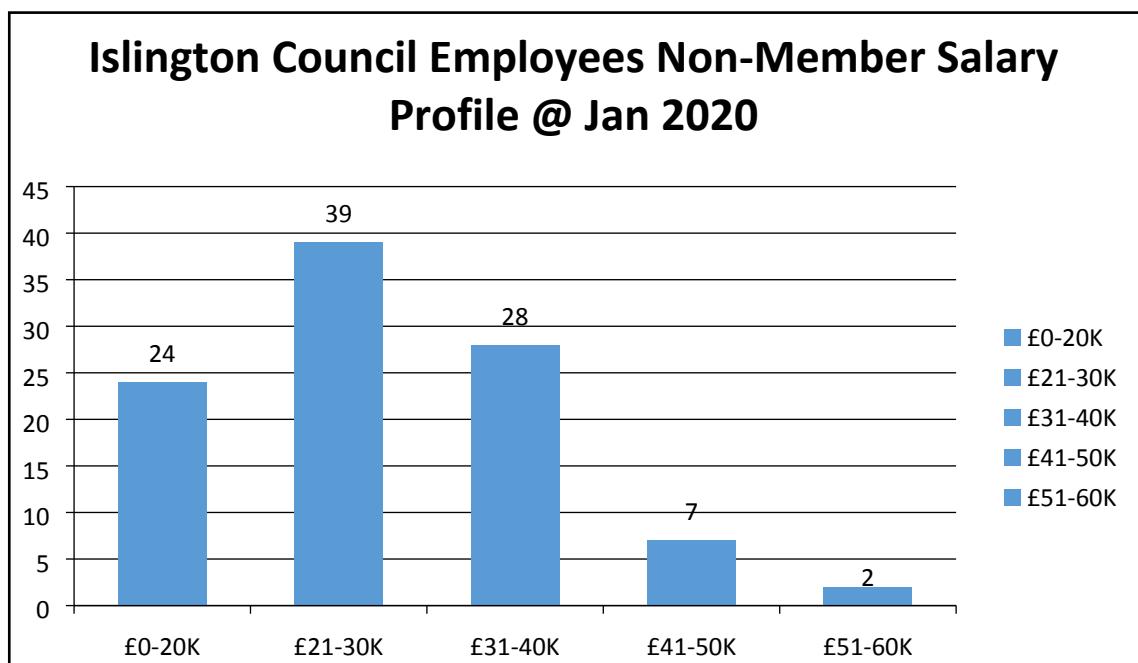
3.5 Set out in the pie chart below is the percentage of Islington employees who are members alongside non-members of the LGPS:



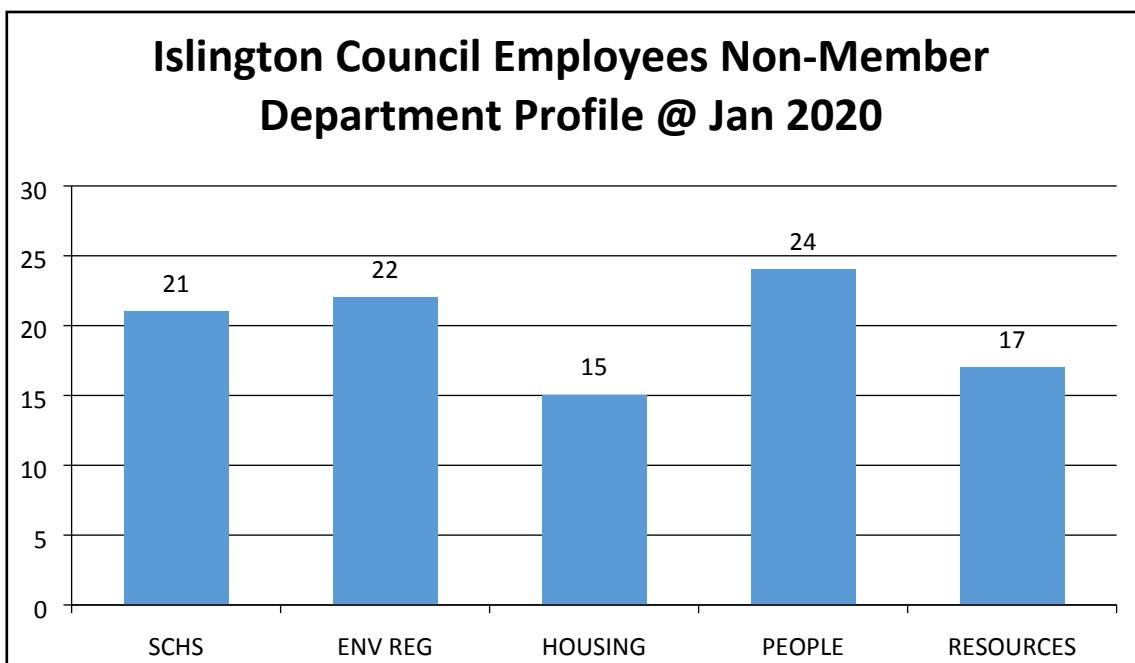
3.5.1 The age profile of Islington Council employees who are non-members of the LGPS is as follows:



- 3..5.2 The salary profile of Islington Council employees who are non-members of the LGPS is as follows:



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



- 3.6 In terms of total numbers, Islington Council as at 31<sup>st</sup> January 2020 employed 6030 members of staff (excluding Teachers, Public Health Workers and Consultants) of which 625 were not members of the LGPS.

- 3.7 Since the December 2019 meeting of the board five communications have been received thanking Pension Administration staff for their service.
- 3.8 There are no Internal Disputes to report.

### **3.9 Islington Council's Pension Website**

Appendix 1 attached, details the mockup of the proposed revamped Islington Council's Pensions Website. Members are asked to consider and agree the proposals for future inclusion of information available to staff on the Pensions page of Islington Council's website.

## **4 Implications**

### **4.1 Financial Implications**

4.1.1 The cost of administering the LGPS 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 and contribution to achieving a net zero carbon Islington by 2030:**

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

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

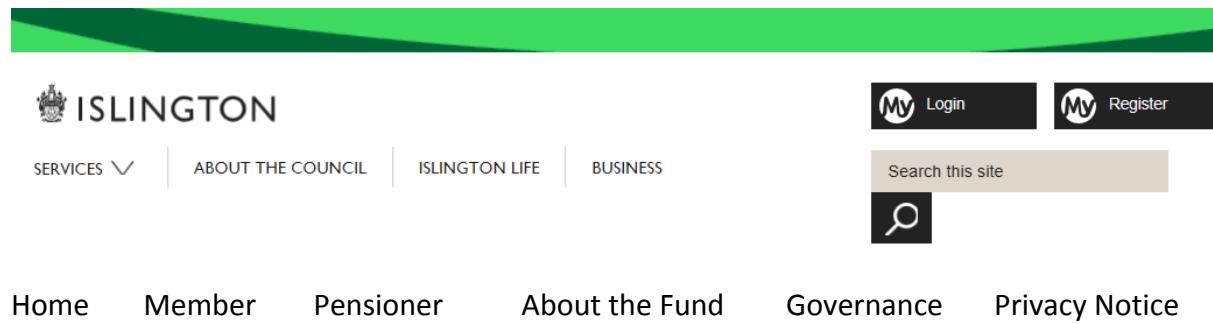
5.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance and dispute resolution. Members are also asked to consider and agree proposal to amend the Council's pension communication website.

### **Background papers:**

None

Report author : Patrick Fullerton  
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Fax : 0207 527 2596  
E-mail : patrick.fullerton@islington.gov.uk

<https://www.islington.gov.uk/jobs-and-careers/council-pension-scheme>



The header features a green decorative bar at the top. Below it, the Islington logo is on the left, followed by navigation links: SERVICES (with a dropdown arrow), ABOUT THE COUNCIL, ISLINGTON LIFE, and BUSINESS. On the right are 'Login' and 'Register' buttons, a search bar with placeholder text 'Search this site', and a magnifying glass icon.

ISLINGTON

SERVICES ▾ ABOUT THE COUNCIL ISLINGTON LIFE BUSINESS

Login Register

Search this site

Home Member Pensioner About the Fund Governance Privacy Notice



Local Government Pension Scheme (LGPS)

The header features a green decorative bar at the top. Below it is the Islington Council logo with the word "ISLINGTON". To the right are "Login" and "Register" buttons, each with a small circular icon. A navigation menu includes "SERVICES", "ABOUT THE COUNCIL", "ISLINGTON LIFE", and "BUSINESS". A search bar with a magnifying glass icon is also present.

## Members

The Local Government Pension Scheme (LGPS) is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the scheme.

As a member of the LGPS, you receive tax relief on the contributions that you pay plus you have the option when you draw your pension to exchange part of it for tax-free cash.

The LGPS is a great way to save for your future. You build up a pension from the day you join the Scheme and once you've been paying in for 2 years your benefits include:

**A secure pension** - every Scheme year (1 April to 31 March) an amount equal to a 49<sup>th</sup> of your pay in that year is added to your pension account. At the end of every Scheme year the total pension in your account is adjusted to take into account the cost of living (as currently measured by the Consumer Prices Index (CPI)).

Contribution Rate > Nomination Form > Opting In Form & (50-50)

## Deferred Members

If you have left the LGPS but are not receiving a pension yet, you are a Deferred Member.

This means you have deferred taking your pension benefits until a later date.

Address Change for Deferred Members Form >

Email and telephone contacts for Islington Council's Pensions Office:

[pensions@islington.gov.uk](mailto:pensions@islington.gov.uk)

A – DA	020 7527 2028
DB – J	020 7527 2170
K – Q	020 7527 6733
R – Z	020 7527 2320

More information about the Local Government Pension Scheme is available on the LGPS members website. This includes a wide range of information about what benefits are available to you if you are a member and when they become payable: [lgpsmember.org](http://lgpsmember.org)

The header features a green decorative bar at the top. Below it is the Islington logo with a crest and the word 'ISLINGTON'. To the right are 'Login' and 'Register' buttons, each with a small circular icon. A search bar with a magnifying glass icon is positioned below the buttons. Navigation links include 'SERVICES' (with a dropdown arrow), 'ABOUT THE COUNCIL', 'ISLINGTON LIFE', and 'BUSINESS'.

## Pensioner

Islington Council pensions are paid on the 6<sup>th</sup> of each month. If the 6<sup>th</sup> falls on a week-end or Bank Holiday the pension will be paid on the first working day before. An advice statement will be sent if the net pay differs by more than £2 from the previous month.

- The pension is paid directly into a bank or building society account by BACS (Bank Automated Clearing System).
- In partnership with the Equiniti Group we do offer the facility to pay pensions into an overseas bank account, for our pensioners living abroad at a small cost.

Payment advices for pensions are only issued in **March** and **April**, plus in **May** if an index linked increase occurs. 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.

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.

## Increases to pension

Pensions are increased in line with the cost of living (Consumer Price Index) each April if a pensioner is over the age of 55. Retirements due to permanent ill health attract pension increases from any age.

The first increase to a pension after retirement (from active membership) will depend on how many months a pension has been in payment during the year.

The increases will be paid to you on the first Monday after the 5th April of each year.

Expression of wish form > Change of Bank Account & Address Form >

More information about the Local Government Pension Scheme is available on the LGPS members website. This includes a wide range of information about what benefits are available to you if you are a member and when they become payable: [lgpsmember.org](http://lgpsmember.org)

The header features a green decorative bar at the top. Below it is the Islington logo with a crown icon and the word "ISLINGTON". To the right are "Login" and "Register" buttons. The main navigation menu includes "SERVICES", "ABOUT THE COUNCIL", "ISLINGTON LIFE", "BUSINESS", and a search bar with a magnifying glass icon.

## About the Fund

Islington Council maintains a pension fund to finance the scheme benefits built up by scheme members, and is required by the LGPS regulations to publish statements setting out its policies on investment of the fund assets and also on its strategy for achieving full funding. You can find these statements and policies under 'Useful documents' below.

As at 31 March 2019 the fund was valued at approximately £1.3 billion, with over 40 contributing employers and over 6,000 contributing members.

The Council has delegated the investment arrangements of the scheme to the Pensions Sub-Committee who decide on the investment policy most suitable to meet the liabilities of the Scheme and the ultimate responsibility for the investment policy that lies with it. The Committee obtains and considers advice from the Corporate Director of Resources, as necessary from the Pension Fund's appointed actuary (including specific investment advice), investment managers and investment advisers.

**Useful documents**

<a href="#"> <b>Pension fund annual report 2017-18</b> (pdf, 549 KB) Last updated Jan 01, 0001, 12:00AM</a>	<a href="#"> <b>Private Equity Investments Q3 2017</b> (pdf, 98 KB) Last updated Aug 16, 2018, 12:05PM</a>	<a href="#"> <b>Private Equity Investments Q4 2018</b> (pdf, 98 KB) Last updated Aug 16, 2018, 12:07PM</a>
<a href="#"> <b>Q4 2017 Full Report for London Borough of Islington Pension Fund</b> (pdf, 213 KB) Last updated May 01, 2018, 11:26AM</a>	<a href="#"> <b>Q3 2017 Full report for London Borough of Islington Pension Fund</b> (pdf, 448 KB) Last updated Apr 12, 2018, 03:58PM</a>	<a href="#"> <b>Islington Pension Fund September 2017</b> (csv, 1 KB) Last updated Apr 04, 2018, 11:59AM</a>
<a href="#"> <b>Islington Pension Fund Annual Report 2017-2018</b> (pdf, 1 MB) Last updated Nov 30, 2018, 12:01PM</a>	<a href="#"> <b>London Borough of Islington Pension Fund - Investment Strategy Statement</b> (pdf, 37 KB) Last updated Sep 10, 2019, 01:10PM</a>	<a href="#"> <b>Pension fund annual report 2018-19</b> (pdf, 1 MB) Last updated Feb 20, 2020, 10:28AM</a>

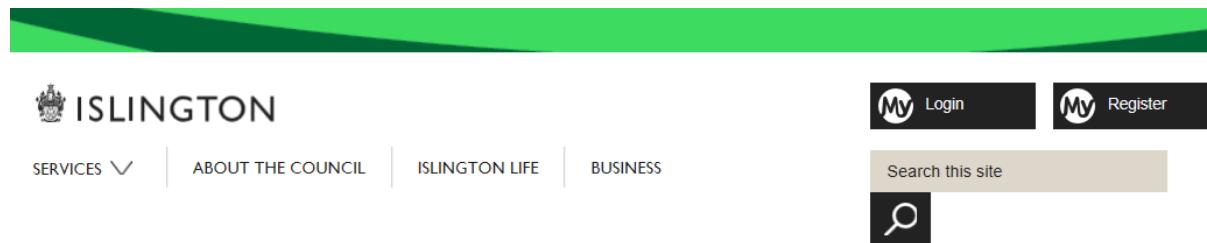
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## Governance



Islington Council has set up the Local Pension Board to ensure that the pension scheme is properly run. The Board assists the London Borough of Islington as scheme manager to secure compliance with pension legislation, and ensures the effective and efficient governance and administration of the pension scheme and all requirements imposed by the Pensions Regulator in respect of the LGPS.

The Board has six members. Three members represent employers in the pension scheme, and three represent scheme members. Cllr Paul Smith is the Chair of the Pension Board.



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## Privacy Notice



### Islington council pension fund

This privacy notice applies to the London Borough of Islington Pension Fund. It has been prepared by Islington Council (the “Administering Authority”) in its capacity as the administering authority of the Fund. Islington Council is the data controller for the personal information collected.

#### Why we are providing this notice to you

As the Administering Authority of the Fund we hold certain information about you (“personal data”) which we use to administer the Fund and to pay benefits from it. This notice is designed to give you information about the data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it.

We carefully protect your data from loss, misuse, unauthorised access or disclosure, alteration, or destruction. Appropriate technical and organisational measures are in place to protect your data.

#### The technical bit

The Administering Authority holds personal data about you in its capacity as data controller for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling and for reference purposes (for example, when we assess how much money is needed to provide members’ benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. ....

.....plus.....



Report of: Interim Section 151 Officer

Meeting of:	Date	Agenda item	Ward(s)
Pension Board	24 March 2020		n/a

Delete as appropriate		Non-exempt
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## **SUBJECT: PENSION FUND ADMINISTRATION COST 3-YEAR FORECAST AND CASHFLOW**

### **1. Synopsis**

- 1.1 This report is for the local pension board to review the Funds administration cost's 3year forecast and annual cash flow, as part of its work programme objective to make recommendations on statutory and non-statutory policies and strategies.

### **2. Recommendation**

- 2.1 To review the cash flow and forecast of administration cost attached as Appendix 1 and Appendix 1A

### **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.

#### **The 3year Forecast of Pension Fund Admin Cost and Annual Cashflow**

- 3.4 A 3year forecast for pension administration cost including investment management has been prepared based on actuals in 2019/2020. The forecast highlights the intention of the Council to pay upfront its 3 year deficit lump sum in April 2020 of £31m. This will cover any shortfall of expenditure in the year and the fund will not have to dip into investment income. However, as we go into 2021/22 and 22/23 the fund is in a net negative cashflow position and will have to call on investment income to meet expenditure.
- 3.5 The 2021 cashflow plots the monthly income and expenditure expected and best use of surplus cash to minimize cost and investment capital. This is a monitoring tool to avoid disinvestment and for future investment strategies to generate enough investment income to meet future cashflow requirements.
- 3.6 Members are asked to review the cashflow and budget forecast.

## **4. Implications**

### **4.1 Financial implications**

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

### **4.2 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.

### **4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

Environmental implications will be included in each report to the Pensions-sub committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is  
<https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofisngtonpensionfundinvestmentstrategystatement.pdf>

### **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 Members are asked to note and review draft 2018/19 statement of accounts as per their agreed work plan

### **Background papers:**

Islington pension board's terms of reference

Final report clearance:

### **Signed by:**

Interim Section 151 Officer	Date
-----------------------------	------

### **Received by:**

Head of Democratic Services	Date
-----------------------------	------

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Tel: (020) 7527 2382  
Email: Joana.marfoh@islington.gov.uk

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**APPENDIX 1- PENSION ADMIN FORECAST 20/21-23**

	Actual	Budget	Budget	Budget
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Contributions receivable</b>				
Employer contributions	26,799	28,943	31,258	33,759
Deficit recovery contributions	9,458	32,205	-	-
Members contributions	13,028	13,549	14,091	14,655
Transfers in from other pension funds	4,300	4,300	4,300	4,300
Other Income	2,600	2,760	2,760	2,760
<b>Total Income</b>	<b>56,185</b>	<b>81,757</b>	<b>52,409</b>	<b>55,474</b>
<b>Benefits payable</b>				
Pensions	(50,031)	(53,033)	(56,215)	(59,587)
Lump sum benefits	(8,977)	(6,000)	(6,000)	(6,000)
Payment to and on account of leavers	(6,321)	(5,700)	(5,700)	(5,700)
Administrative fees (Icl. Oversight & custodian)	(1,900)	(2,000)	(2,000)	(2,100)
Investment Management Expenses	(1,200)	(1,200)	(1,250)	(1,250)
<b>Total Expenditure</b>	<b>(68,429)</b>	<b>(67,933)</b>	<b>(71,165)</b>	<b>(74,637)</b>
<b>Net additions/ (withdrawals) from dealing with members</b>	<b>(12,244)</b>	<b>13,824</b>	<b>(18,755)</b>	<b>(19,164)</b>
Investment income	17,000	18,500	19,000	19,500
<b>In-year (deficit)/ surplus</b>	<b>4,756</b>	<b>32,324</b>	<b>245</b>	<b>336</b>

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Pension Fund Cashflow														
	Forecast	Total												
Inflow	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21		
Contributions	27,000,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,500,000	42,500,000
Transfer in	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	358,000	4,296,000
Lumpsum	31,000,000					604,800				0	600,000			32,204,800
Recharges	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000	2,760,000
Investment income														0
<b>Total inflow</b>	<b>58,588,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>2,592,800</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>1,988,000</b>	<b>2,688,000</b>	<b>81,760,800</b>
Outflow	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Jan-00	
Image Cheques	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	8,000	8,000	8,000	8,000	8,000	92,000
Monthly payroll	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000	4,330,000	4,350,000	4,350,000	51,680,000
Benefits paid	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Transfer out	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	3,960,000
AVC	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Islington Council	1,300,000													1,300,000
HMRC	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,000,000
Bank charges/fees	150,000	150,000	150,000	150,000	150,000	200,000	150,000	150,000	150,000	150,000	150,000	150,000	200,000	1,900,000
<b>Total outflow</b>	<b>6,837,600</b>	<b>5,537,600</b>	<b>5,537,600</b>	<b>5,537,600</b>	<b>5,537,600</b>	<b>5,587,600</b>	<b>5,537,600</b>	<b>5,537,600</b>	<b>5,538,100</b>	<b>5,538,100</b>	<b>5,568,100</b>	<b>5,638,100</b>	<b>67,933,200</b>	
Movement Summary	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total	
Net in/outflow	51,750,400	-3,549,600	-3,549,600	-3,549,600	-3,549,600	-2,994,800	-3,549,600	-3,549,600	-3,550,100	-3,550,100	-3,580,100	-2,950,100		
Opening balance	3,284,074	55,034,474	51,484,874	47,935,274	44,385,674	40,836,074	37,841,274	34,291,674	30,742,074	27,191,974	23,641,874	20,061,774	17,111,674	
<b>Closing balance</b>	<b>55,034,474</b>	<b>51,484,874</b>	<b>47,935,274</b>	<b>44,385,674</b>	<b>40,836,074</b>	<b>37,841,274</b>	<b>34,291,674</b>	<b>30,742,074</b>	<b>27,191,974</b>	<b>23,641,874</b>	<b>20,061,774</b>	<b>17,111,674</b>	<b>17,111,674</b>	

Note:

This cashflow is updated on a monthly basis, however the bank accounts are monitored daily.

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**Report of: Interim Section 151 Officer**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	24 March 2020		
<b>Delete as appropriate</b>			Non-exempt

## **SUBJECT: Islington Pension Fund AVC Arrangements**

### **1. Synopsis**

- 1.1 This report provides the Board with information on the recent changes in AVC arrangements regarding Equitable Life AVC investments that a small number of members of Islington Pension Fund hold.
  
- 1.2 The report also provides information on the Council's other AVC partners.

### **2. Recommendations**

- 2.1 To note the transfer of Equitable Life AVC Investments to Utmost.
  
- 2.2 To note that the Council's Actuary has been commissioned to carry out a review of all our AVC partners to assess the suitability and value for money of their prescribed funds.

### **3. Background**

- 3.1 The Local Government Pension Scheme Regulations requires local authorities to provide an Additional Voluntary Contribution (AVC) scheme to run concurrently with the occupational scheme. This is to allow members to pay additional contributions in order to increase retirement savings and/or to provide additional life insurance. Although this is an individual choice, the administering authority is the policyholder for the group arrangement in place and, therefore, has certain responsibilities.

With the introduction of personal pensions in July 1988 the Council appointed The Equitable Life Assurance Company as AVC provider. Following the financial debacle in the late 1990s around their guaranteed annuity rate on policies they could no longer afford; they subsequently closed to new business but still maintained a small number of AVC Investment from members of Islington Council's Pension Fund.

- 3.2 Islington Council appointed National Provident Institution (NPI) as the Council's new AVC provider in 2001. NPI became part of the Phoenix Group in March 2012 and all AVC Investments from members of Islington Council's Pension Fund were transferred to Phoenix Life with effect from 1<sup>st</sup> April 2012.
- 3.3 Islington Council appointed Prudential as the Council's new AVC provider in 2004.
- 3.4 Islington Council Group AVC Arrangement with Equitable Life has with effect from the 1<sup>st</sup> January 2020 transferred to Utmost under a statutory process. The Pensions Office have sent out letters to all 26 members regarding the new arrangement and made them aware of their ability to choose alternative funds or to take out new AVC policies with Islington Pension's Fund principal AVC provider for new business – Prudential.
- 3.5 The Pension Regulator's Codes of Practice state that Defined Contribution schemes, including AVC arrangements for Defined Benefit schemes such as the LGPS, should meet certain aims. They should exercise good governance and effective scheme management and give "value for money". These aims should be regularly evaluated to ensure this continues to be the case.
- 3.6 Islington Council has commissioned Mercer to conduct a review of all 3 of the Pension Fund's AVC providers to assess its continued suitability for our members and to evaluate whether it achieves value for money with specific focus on:
- Diversity of investment products and coverage of risk
  - Investment Fund Performance and governance
  - The administration performance of the provider and governance
  - Administration fees, exit charges for members.
  - Communications

## **4. Implications**

### **4.1 Financial Implications**

4.1.1 The cost of administering the LGPS 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 and contribution to achieving a net zero carbon Islington by 2030:**

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is

<https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

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

5.1 To advise Members of the Pension Fund's current AVC arrangements and the need to evaluate our providers against suitability and value for money in accordance with the Pensions Regulator guidance.

### **Background papers:**

None,

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**Report of: Interim Section 151 Officer**

Meeting of:	Date	Agenda item	Ward(s)
Pensions Board	24 March 2020		n/a

<b>Delete as appropriate</b>	Exempt
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**Appendix B attached** is exempt and not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **SUBJECT: PENSIONS BOARD 2020/21– FORWARD WORK PLAN**

### **1. Synopsis**

- 1.1 The Appendix A 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.
- 1.2 Appendix B (private and confidential) is a check list of issues that need to be considered on the possible impact of COVID-19 virus so mitigating actions can be planned for.

### **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 consider the check list and consider any action plans that may be required .

### **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 (GDPR) 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 12months 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.
- 3.4.1 The COVID -19 virus has already had impact on people, lifestyles, business and financial matters. The impact on Funds will vary, and to different extents. The checklist attached as Appendix B (private and confidential) has been prepared by Mercer(Fund actuary) to enable members to consider issues and begin to plan mitigating actions if required. The checklist will be a life document so it can continually be considered as situations evolve.

## **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 and contribution to achieving a net zero carbon Islington by 2030:**

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>.

### **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.

- 4.4.1 An equalities impact assessment has not been conducted because this report is seeking opinions on a policy document and therefore no specific equality implications arising from this report.

## **5 Conclusion and reasons for recommendation**

- 5.1 To advise Members of forthcoming items of business to the Pension Board and training topics and to consider the COVID- 19 virus checklist attached as (Appendix B –private and confidential) to plan mitigating actions if required.

## **Background papers:**

None

## Final report clearance:

**Signed by:**

Interim Section 151 Officer Date

## **Received by:**

## Head of Democratic Services Date

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**APPENDIX A**  
**Pensions Board Forward Plan for March 2020 to March 2021**

Date of meeting	Work programme objective	Reports
	To ensure the effective and efficient governance and administration of the Scheme	<p><u>Please note:</u> there will be a standing item to each meeting on:</p> <ul style="list-style-type: none"> <li>• Admin Performance report</li> <li>• Forward work plan</li> </ul>
24 March 2020		Pension Admin Budget and cashflow projection 20/21 Draft FSS with consultation results
22 June 2020		Draft 19/20 Statement of Accounts Governance Review
15 September 2020		Draft Pension Annual Statement.
12 October 2020	AGM	
8 <sup>th</sup> December 2020		
24 March 2021		

Planned and 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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# Agenda Item E1

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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